

BUSINESS WEEK

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JAN 20 1941

OFFICE OF PRODUCTION MANAGEMENT



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Secretary of War



WILLIAM S. KNUDSEN
Director General



SIDNEY HILLMAN
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FRANK KNOX
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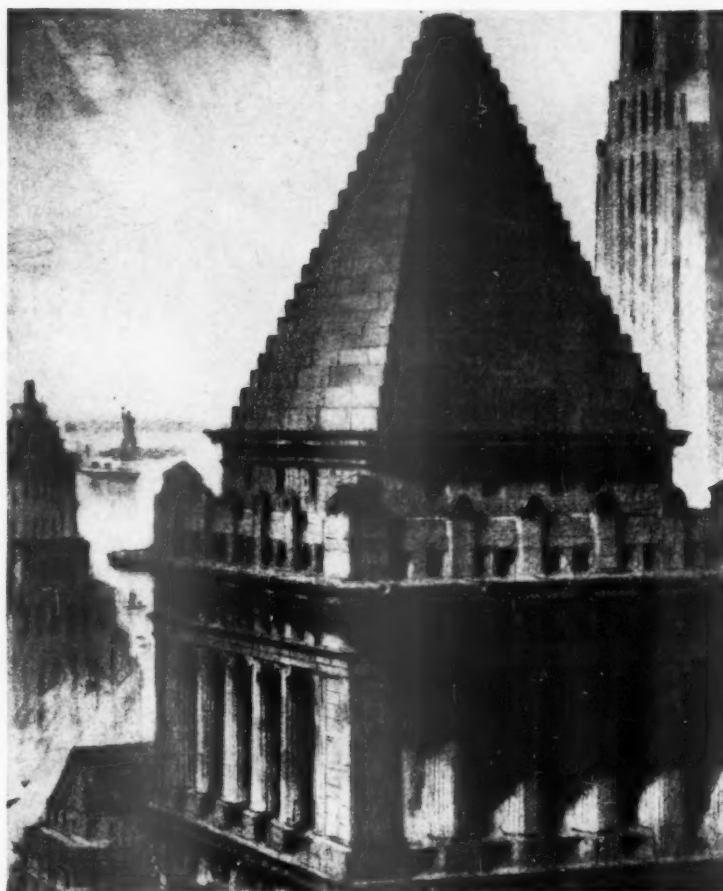
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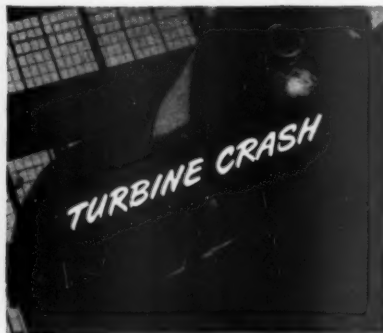
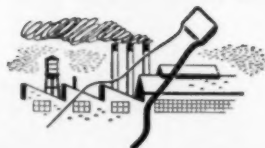
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Cover: Acme, Harris & Ewing, International, Wide World

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BUSINESS WEEK

and The ANNALIST

January 18, 1941

IT HAPPENED IN PHILADELPHIA

What breaks loose when defense connects with a village like Charlestown, Ind., (pop. 950), bringing in a \$74,000,000 munitions plant, is as obvious as a gold rush. The industrializing of the county seats has already been surveyed (BW—Nov. 2'40, p20). But what happens when a vast metropolitan manufacturing area with dozens of idle or half-idle mills is suddenly pelted with war orders is something else. Here are some figures—The 10 leading defense contracts that have been placed with private business in Philadelphia and its environs:

New York Shipbuilding Corp.	Cruisers, other war craft	\$560,000,000
Baldwin Locomotive Works	Tanks, artillery components	36,884,918
Day and Zimmerman, Inc.	Mainly construction	35,952,784
Autocar Co.	Tractor and armored trucks	19,730,854
Midvale Co.	Rack pinions, turret gear	15,677,027
RCA Mfg. Co.	Radio receivers	10,181,294
Wark and Co.	Construction	9,735,000
Edward G. Budd Mfg. Co.	Ammunition components	4,427,874
William Sellers & Co.	Grinding and boring machinery	3,935,927
Camden Forge Co.	Forgings, machinery, turret gear	3,366,326

In addition to these and scores of other orders is the government's outlay of \$420,000,000 for ships and munitions from the Philadelphia Navy Yard. But the figures don't tell the whole story—the story (page 22) of what national defense has done in remaking a city that had been slipping. At the rate things are going, the city's big problem will soon be that of keeping up with its own expansion. Everything but the crack in the Liberty Bell is being put to work.

ACTION, NOT ADVICE

Action is the order of the day. That's why the Office of Production Management—charted on the cover, explained in the Washington Bulletin (page 7)—supersedes the old advisory setup for defense. And the action that the OPM is going to take under H. R. 1776 will probably mark the beginning of a long-term economic alliance between the United States and the British Empire (page 15).

SPREAD OF AN IDEA

In its October 26, 1940, issue Business Week published a Report to Executives on "Collective Bargaining—by Employers," the story of how San Francisco's Employer Council had successfully developed the technique of collective bargaining with the unions, for industry. Now, that story has a significant sequel (page 48) with the formulation of a similar plan in traditionally open-shop Los Angeles.

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NEW-IMPROVED
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At Left — Pressed steel fan cover showing openings for adequate ventilation. At Right — Motor with fan cover removed showing large unrestricted air passages in frame; non-sparking metal fan blades; finned end brackets for fast heat radiation.

New, improved Century Totally Enclosed Fan Cooled Motors provide necessary protection where the air is foggy with metal cutting solutions, or there are abnormal quantities of metallic, abrasive and other dusts in the atmosphere that would ordinarily injure or clog the windings of a general purpose open motor.

The vital parts of a Century Totally Enclosed Fan Cooled Motor are completely enclosed. In reality, this is a totally enclosed motor, built within a cast iron protecting frame which provides ventilating passages and a fan for cooling. A blast of cooling air is produced by the non-sparking fan inside the pressed steel fan housing. The air is forced through passages between the cast iron frame and the motor laminations, but outside the protective enclosure.

The forced air cooling system keeps the large smooth air passages clean. The intake openings in the fan

cover are not easily clogged and there is safety in the fact that a $5/16$ " rod will not pass through the ventilating openings.

The modern streamlined exterior of these new Century Totally Enclosed Fan Cooled Motors blends well with modern equipment design.

If atmospheric conditions are a problem in your plant, consult your nearest Century Motor Specialist. His experience with the same or similar problems is always at your service — may well save you time and money.

If you have not received Century TEFC Motor Bulletin No. 048A, write today.



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ADVERTISING

WASHINGTON BULLETIN

FOR BUSINESS BY BUSINESS WEEK'S WASHINGTON BUREAU

No Longer Advisory

Reorganization of the defense setup reflects the changing aspect of the defense program. So long as the main job was the letting of contracts, the National Defense Advisory Commission functioned strictly as an advisory body to the Army and Navy. Now that the first big wave of the defense orders has been placed, the commission has been converted into an operating body whose job is to work with industry in getting the stuff out.

OPM Takes Over

The Office of Production Management absorbs two divisions of the old Defense Commission—the Production Division headed by William S. Knudsen and the Raw Materials Division headed by Edward R. Stettinius, Jr. Both are combined in a Division of Production within OPM, headed by John D. Biggers. OPM also includes two other divisions—Purchases headed by Donald M. Nelson and Priorities headed by Stettinius. Nelson's job remains the same as it was before—to coordinate purchases of commercial products so that the burden on suppliers will be eased.

Most drastic change is in priorities. Instead of the old Priorities Board and Priorities Administrator, now abolished, there is a Division of Priorities, headed by Stettinius. Subject to approval by the top OPM board (Knudsen, Hillman, Stimson, Knox), this division will establish policies and execute them. Power to give compulsory priorities to government orders is vested in this division. There is also a new six-man Priorities board, but this functions only in an advisory capacity to OPM.

Priorities—in Transition

The Priorities Division is facing a big job. The system of voluntary priorities has always been a temporary and more or less makeshift arrangement. It will be continued as long as it doesn't break down, but in some industries a transition from voluntary to compulsory priority ratings is clearly in sight. The Priorities Division will be comprised of sections representing the major types of article in which priorities are necessary or may become necessary. Within such sections industry committees will be organized.

• **Significantly First**—First industry committee to be named is on steel, the industry which is now most deeply in-

volved in the guns-butter debate. More committees will be appointed later.

Accent on Expansion

Personnel shifts in reorganization of the defense setup point to the adoption of a more expansionist attitude on raw materials to supply civilian as well as armament needs. Heading the old Materials Division of the Defense Commission was Stettinius, leader of the anti-expansionist group, who was usually quick to play down shortages in anything.

In the Production Division of OPM which absorbed Stettinius's division are men who lean the other way. John D. Biggers, head of the Production Division, and Averell Harriman, in immediate charge of raw materials, are the most New Dealish of the business men in the defense setup and strong for expanding sources of supply.

W. L. Batt, formerly Stettinius's assistant and now aide to Biggers, also thinks in terms of an expanding economy and opposes a standpoint attitude against expansion of basic industries.

Something New

Some business men are coming away from Washington with a startling picture of the full objectives of that War Department move to double its present munitions plant program (BW—Jan. 4 '41, p. 7). We began "defense" with a plan to outfit 1,200,000 soldiers, add heavy combat equipment for another 800,000. We have gone on to a new scheme which calls on American industry for all that is needed to put the full 2,000,000 men on a combat basis.

But the War Department is now seeking from Congress the money to build standby ("shadow") plants with capacity to produce all the munitions needed for a second army of 2,000,000, and that's where the picture gets startling overtones. For some insiders are persuaded that the department isn't thinking of 2,000,000 more Americans but of 2,000,000 more soldiers of any other nations whose foreign policies we may want to promote—or control—through our ability to provide—or cut off—their arms supply.

And this hint of the use of an overwhelming American munitions capacity as an instrument of a dictatorial foreign policy—of American industrial strength as the dominant factor in world politics—is something new in history.

Henry and Marriner

You should still expect Congress to adopt most of the Federal Reserve program to eliminate the potential dangers of inflation by increasing bank reserve requirements. In a press conference on Jan. 9, Secretary Henry Morgenthau indicated considerable antagonism to the Reserve proposals, but on the 13th he obviously tried to soft-pedal his previous remarks by saying "advisedly" that the Federal Reserve System is one of the agencies that must combat the dangers of inflation by credit control.

The obvious jealousies between Marriner S. Eccles and Morgenthau are real enough, but useful to F.D.R. in shouldering on Congress the responsibility for any untoward effects of an about-face.

• **Via Grapevine**—Roosevelt asked Morgenthau to take it easy.

Guardian of Apple Cart

Harry Hopkins is in London to make sure that no one upsets the apple cart. To get through the lend-lease bill President Roosevelt must guard against any statement from British officials that would rub public opinion here the wrong way. At the same time, things can be done in Britain that will help secure this legislation. Mr. Hopkins will point out what will help and what will hurt.

Labor Pattern

Labor-relations men see a pattern in the early results of the "compromise-for-peace" policy that marks Washington's high-pressure conciliation service on labor disputes. The two union demands most often presented are for exclusive bargaining rights and for wage increases. Compromise most often urged by the conciliators is that employers grant the bargaining rights, unions trim down their wage ideas. Management is told "it isn't going to cost you much;" unions are sold on the "you can get more next year" idea. Question is whether this technique is doing any more than "buying time," postponing a wave of serious disputes. But Washington may have an idea that it will have more to say about the permissibility of strikes next year.

Incidentally, the Department of Labor box-score on strikes for 1940 may reflect the success of conciliation methods. The total of 2,450 strikes was 160 fewer than in 1939, involving only half as many workers and a third as many days of idleness. Labor Department

calls 1940 an extremely peaceful year, compared at least with 1916-17, which it considers a like period of expansion.

Housing Gets a Boss

Shakeup in the defense housing program packs a wallop for all the government's contentious housing agencies. As a "coordinator" with only advisory powers, Charles F. Palmer couldn't push anybody around. As chief of the Division of Defense Housing Coordination, responsible only to the President, Palmer now can give orders. His authority covers all civilian defense housing. (He has nothing to do with cantonment construction.)

It's up to Palmer to determine by whom, where, and how much housing is built for defense workers and what standards are adopted. Under his direction private building's share of the job is likely to expand. Palmer also has put much more emphasis on demountable units than have the federal agencies.

• **Net Result:** Change will put emphasis on defense housing as an emergency job rather than as a continuation of the New Deal's social program.

How Many Airports?

Experts disagree on whether civil and military aviation needs a super-duper airport expansion program. Army men talk about something prodigious in the way of 600 new and improved civil fields, but it's worth noting that the Army puts its own money on other things, seems well enough pleased with the present schedule of 250.

The last Congress put up \$40,000,000 towards a program of 200 fields, including 12 in Alaska and Hawaii. The President's budget estimate for fiscal 1942 adds \$33,000,000. About \$80,000,000 is needed to do the complete job. WPA is supposed to make up the difference. Of course, new appropriations may fall short of the budget estimate. The other 50 ports have not yet been provided for. Civil pilot training has been put off most fields where civil or military transport is operating. At least 25% of all fields now are closed to private flying.

TNEC and Defense

The Temporary National Economic Committee has reached the stage of preparing a final report. Senator O'Mahoney, its chairman, insists that he will not propose prolongation of its life. The Senator probably is influenced by the remoteness of the prospect that Congress would grant extension.

However, he now seeks to establish the committee's general line of activity as essential to the welfare of the defense program, and there's some support within TNEC for his idea that

some sort of joint congressional-executive organization be set up in its stead. Other members of the TNEC take the position that if the committee submits the sort of report the evidence justifies on the bottlenecks in industry, its job is done.

• **Policing Job**—So far as such conditions bear on the defense program, those who object to continuing TNEC-type activity feel that Trustbuster Thurman Arnold and Price Watchdog Leon Henderson can handle them.

Alaska Plugs Its Tin

Anthony Dimond, the Alaskan delegate, is plugging for a prompt and exhaustive survey of tin lode prospects in the territory. Dimond's proposal for a \$2,000,000 grubstake is high but this isn't ordinary porkbarrel. The Geological Survey represents that findings to date merit further exploratory work.

Alaska now produces a very small amount of placer tin, but it is known that lode tin does exist that may contribute importantly to U. S. independence of foreign sources.

No More Intrastate?

New Dealers are betting the Supreme Court will hand the Federal Trade Commission power to deal with purely intrastate activities when they are part of the stream of commerce. The decision is due soon in a case involving Bunte Brothers, Chicago candy manufacturers, ordered by FTC to stop shipping within Illinois candy packed for sale to kids and involving the element of chance.

FTC is about the only remaining government agency which hasn't been given carte blanche in the intrastate field. The Department of Justice took the relatively insignificant case to the Supreme Court so it wouldn't go by default and provide a possible wedge for chipping off some of the wide powers over commerce conferred by the court.

Trustbusters Rampant

Wendell Berge, Trustbuster Thurman Arnold's first assistant, has been promoted to head the criminal division of the Department of Justice. Calm and even-tempered, Berge was an excellent foil for his rambunctious chief.

Hugh Cox steps into Berge's job. For three years this smart young lawyer has had charge of the antitrust division's appellate work, heading its legal staff in the farflung building industry investigation. Like Arnold, however, Cox is high-spirited, impetuous. Antitrust enforcement should provide even more excitement now than in the past.

• **Easy Does It**—Berge's temperate disposition recommended him for his new job. He's in there to quench hysterical witch burnings and war spy hunts.

Official Bootleg

Treasury officials are chagrined over the Alcohol Tax Unit's first serious boner. Newspapers a few weeks ago reported a revival of bootlegging of well-known imported liquors under what were termed "spurious" labels. Here are the facts:

The liquors involved—10,000 cases—were smuggled in a number of years ago, before Repeal. Impounded, the goods were finally released by the Department of Justice for sale upon payment of duties and taxes. The Alcohol Tax Unit approved reasonably accurate facsimiles as labels after D. of J. chemists pronounced the stuff genuine. Authorized importers promptly yelled "bootleg," "counterfeit label"—hence the news stories. Now that the importers know that the goods were released without the certificates of origin required in legitimate trade, they are making it hot for the Alcohol Tax Unit, which is entrusted with regulating imports and labels.

P. S.

Topflight naval officers, like Admiral John H. Towers of the Bureau of Aeronautics, are understandably reluctant about telling congressional committees too much about progress in establishing bases on offshore sites leased from the British; for instance, that the British are asking payment of import duties on equipment and materials needed for construction. . . . While a good many people worry because nearly all the world's gold is tagged for Fort Knox, Uncle Sam's own Alaska is staging a "gold boom." Last year's production topped \$25,000,000, an all-time high surpassing even gold rush days. . . . The reason why Pan American Airways released three Boeing boats (not yet out of the shop) to Britain is that this model will be obsolescent by the time it's delivered. PAA loses three months on the deal, gains by substituting new designs. PAA has placed orders for 12 new Lockheed 4-engine land planes. . . . Air-cooling vs. liquid-cooling for airplane engines is a controversy that will soon call for an icepack itself. The public is beginning to know the pros and cons, and so is Congress. Respected federal technologists range themselves on both sides. . . . You can do something if labor trouble hits a plant, but, national defense or no, you can't call in the Conciliation Service to arbitrate a contract with a swarm of bugs. This week, 2,500 out of 7,000 employees of Winchester Arms Co., which is manufacturing Garand rifles for the Army, were all home on one day—all of them sick with the flu and gripe. On the same day, 1,000 workers at United Aircraft were absent for the same reason.

A Split Second from Hollywood Bowl ...or Times Square



The Part that Mallory Plays

from the world's greatest entertainment . . . or the world's most momentous moments. For even those farms not enjoying generated electricity of any sort may still have radios that are just as efficient as any that operate from a standard electric outlet.

Much of this efficiency is due to Mallory's work in the field of Vibrators. These efficient, long-lived devices "boost" the current supplied by a battery, and make it usable for radio receiver operation.

The predominance of Mallory built Vibrators in the battery operated sets of the country's leading manufacturers has been earned strictly on the basis of performance. In the field of automobile radios the leadership of Mallory built

Today...even the most remote farms are just around the dial

Vibrators is equally strong . . . and for the same reason.

In the development of Vibrators Mallory has pursued an intelligent policy of modified standardization. This has prevented the field from becoming packed with an uneconomic variety of Vibrators.

On the other hand, no designer has been handicapped by any stubborn adherence to a given type. Mallory is equipped to serve each manufacturer with the type of Vibrator best suited to his needs.

In fields outside of radio, where a battery power supply must be "boosted," Mallory is equally well set up to serve. If you are concerned with such a problem . . . why not have your designers consult with Mallory now! P. R. Mallory & Co., Inc., Indianapolis, Indiana. Cable Address—Pelmallo.

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ANOTHER WAY ELECTRICAL POWER IS SPEEDING PRODUCTION



MORE PLANE PARTS PER DAY

Because Westinghouse Developed a Furnace

Normally when steel is heat-treated it undergoes a form of surface deterioration called "decarburization." Correcting this defect takes time... slows down production.

Westinghouse solved this production problem with a new type of furnace... a furnace with an "Endogas" atmosphere that delivers heat-treated parts with bright, clean surfaces... parts that need a minimum of finishing... in many cases none at all.

This development has made possible the production of more airplane engine parts per day.

The furnace itself requires no expensive accessories... is simple to operate... easy to install. The newly developed "Endogas" atmosphere, which is produced from ordinary city

fuel gas, can be used for the treatment of all SAE steels. Proof of results is found in reports like this:—"In one shift we hardened 20,000 small alloy bolts. This would have taken a week in our old furnace, with the added cost and delay of pickling."

Your production problem may not be that of hardening steel. But remember, Westinghouse maintains a corps of engineers whose entire time is devoted to solving production problems for industry. Their job is to help you. Use their services freely.

Westinghouse Electric & Mfg. Co.,
East Pittsburgh, Pa.

Westinghouse

Time-Saver For American Industry

ELECTRICAL POWER SPEEDS PRODUCTION

No American manufacturer can afford to overlook the modern methods and equipment offered by the electrical industry for speeding up production. A phone call will bring a Westinghouse representative to your office to discuss your problems.

Future advertisements on this page will describe how Westinghouse is helping in the mining... steel... metal-working... textile... marine... and other industries. Watch for these stories.



J-94419

FIGURES OF THE WEEK

THE INDEX	§ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
	*142.5	†143.2	143.0	127.5	123.6

PRODUCTION

Steel Ingot Operations (% of capacity)	98.5	97.2	96.8	86.8	84.8
Automobile Production	115,935	76,690	125,625	65,176	111,330
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands) . .	\$18,404	\$20,311	\$17,194	\$14,580	\$9,274
Electric Power Output (million kilowatt-hours)	2,835	2,705	2,862	2,483	2,593
Crude Oil (daily average, 1,000 bbls.)	3,364	3,367	3,579	3,561	3,592
Bituminous Coal (daily average, 1,000 tons)	1,755	1,547	1,640	1,442	1,751

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	77	75	79	75	69
All Other Carloadings (daily average, 1,000 cars)	41	42	44	50	45
Check Payments (outside N. Y. City, millions)	\$5,668	\$5,667	\$4,883	\$3,509	\$4,403
Money in Circulation (Wednesday series, millions)	\$8,628	\$8,733	\$8,625	\$7,884	\$7,463
Department Store Sales (change from same week of preceding year)	+4%	+59%	+5%	+7%	+5%

PRICES (Average for the week)

Business Week-Annalist Cyclical Commodity Index	82.75	†83.68	†81.99	69.97	79.98
Spot Commodity Index (Moody's, Dec. 31, 1931 = 100)	174.4	172.8	168.3	155.8	165.5
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	122.5	121.7	121.7	110.4	126.9
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	128.9	127.6	121.6	113.4	119.5
Iron and Steel Composite (Steel, ton)	\$38.47	\$38.47	\$38.28	\$37.68	\$37.09
Scrap Steel Composite (Iron Age, ton)	\$20.66	\$22.00	\$21.33	\$18.38	\$17.67
Copper (electrolytic, Connecticut Valley, lb.)	12.033¢	12.042¢	12.046¢	10.823¢	12.408¢
Wheat (No. 2, hard winter, Kansas City, bu.)	\$0.86	\$0.86	\$0.83	\$0.70	\$1.01
Sugar (raw, delivered New York, lb.)	2.95¢	2.91¢	2.94¢	2.69¢	2.87¢
Cotton (middling, ten designated markets, lb.)	10.14¢	10.09¢	9.84¢	10.42¢	10.88¢
Rubber (ribbed smoked sheets, New York, lb.)	20.09¢	20.63¢	20.88¢	20.95¢	19.18¢

FINANCE

90 Stocks, Price Index (Standard Statistics)	85.7	84.9	84.2	79.4	96.5
Medium-Grade Corporate Bond Yield (30 Baa issues, Moody's)	4.38%	4.42%	4.44%	4.78%	4.86%
U. S. Bond Yield (average of all issues due or callable after twelve years) . .	1.97%	1.92%	1.87%	2.30%	2.28%
U. S. Treasury 3-to-5 year Note Yield	0.43%	0.40%	0.33%	0.56%	0.46%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average)	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate)	4-4½	4-4½	4-4½	4-4½	4-4½

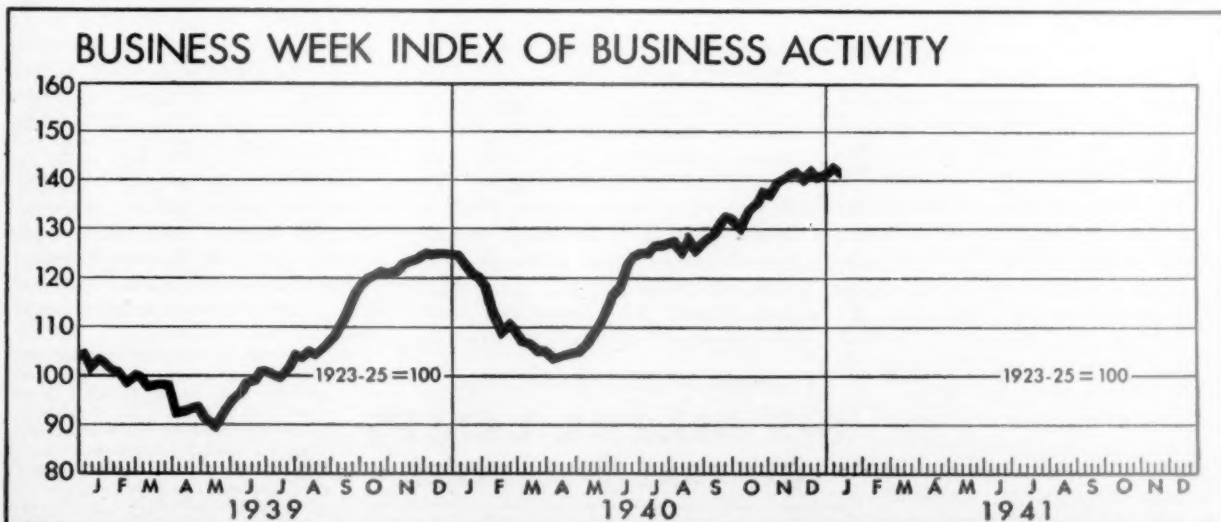
BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks	22,481	22,299	22,403	20,824	18,823
Total Loans and Investments, reporting member banks	25,608	25,527	25,224	23,683	23,131
Commercial and Agricultural Loans, reporting member banks	5,031	5,018	4,992	4,447	4,363
Securities Loans, reporting member banks	956	1,049	987	848	1,170
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks .	12,629	12,462	12,311	11,642	11,177
Other Securities Held, reporting member banks	3,681	3,675	3,614	3,580	3,308
Excess Reserves, all member banks (Wednesday series)	6,840	6,620	6,790	6,833	5,377
Total Federal Reserve Credit Outstanding (Wednesday series)	2,237	2,274	2,241	2,491	2,504

* Preliminary, week ended January 11th.

† Revised.

§ Date for "Latest Week" on each series on request.





If a fluorescent lamp flunks this test..it isn't good enough for you

THE strange looking device in the picture is a giant light meter. During the next minute it will read the light output of one of our new five-foot 100 watt G-E MAZDA fluorescent lamps.

The result should be of *double* interest to anyone who wants better light in his office, store, or factory.

First, it's one of many ways G.E. makes sure *all* G-E MAZDA "F" lamps are as good as 61 years of General Electric research and development can make them.

The second thing it shows is the amazing *improvement* in G-E MAZDA F lamps since they were introduced in 1938 . . . as much as 40% more light for the same

current . . . while *prices* were being reduced as much as 45%!

If you aren't giving your business the benefit of these long, cool tubes of indoor daylight, with their new high levels of illumination . . . if you want the increased production, better sales, freedom from accidents, and improved morale that come with easier seeing . . . see your G-E MAZDA lamp distributor now! He can show you a full line of certi-

fied fixtures, styled to suit your needs, complete with G-E MAZDA F lamps, ready to hang up and turn on. Your lighting company can also give you valuable advice.

Be sure to get certified fixtures* (Fleur-O-Lier or RLM) including certified ballasts and starters. Be sure to get G-E MAZDA F lamps, made to assure maximum light output . . . made to *stay brighter longer!*

* General Electric co-operates with many fixture manufacturers and does not make fixtures itself. Fixtures bearing the Fleur-O-Lier or RLM tag assure maximum fixture performance, when certified by Electrical Testing Laboratories to comply with exacting specifications. Such certification may be obtained by any manufacturer whose product meets specifications.

Made to stay brighter longer

G-E MAZDA LAMPS
GENERAL ELECTRIC

MAZDA: Not the name of a thing, but the mark of a research service

THE OUTLOOK

Washington Pulls the Strings

Lease-lend bill centers economic and social control in capital, but policy-confusion within the Administration does not inspire confidence among business men.

As in the spring of 1933, when Roosevelt first took office, the industrial orientation of the country comes from Washington. And this week again the main business news was made there, when the bill to empower the President with all-out authority to aid Britain was introduced in Congress. Here is a piece of legislation which can shape the social and economic destiny of the United States. Its provisions are so far-reaching that it could readily be construed by the Germans (were they so minded) as a cause of war.

• **More Government**—And the bill makes clear that the country is getting ready to embark on a war economy. More and more it will become the task of government officials rather than the open market, to maintain economic and financial equilibrium. For the markets are no longer free of federal ministrations. The recent modest advance in commodity prices caused Secretary of the Treasury Morgenthau to express apprehension lest quotations get out of hand and the cost of defense rise sharply. Yet, curiously enough, Mr. Morgenthau damned with no praise at all the Federal Reserve System's plan to increase regulatory controls over bank credit (BW—Jan. 11 '41, p46).

• **Confusion**—Here is a case where the government's policy is mixed up. It is traditional that a strict control of credit tends to hold down prices and put a halter on runaway speculation. Indeed, in 1937, the attempt to control a boom did more than that—it brought a stock market crash and a business collapse. What started off that industrial episode was a boost in reserve requirements by the Reserve Board and the liquidation of government bonds by commercial banks. As soon as the Eccles plan was announced, selling of bonds started, and government bond prices gave way (chart, BW—Jan. 11 '40, p13). No wonder the Treasury shies away from the Reserve proposal. After all, Mr. Morgenthau has bonds to sell in order to finance the defense deficit.

If the Administration really intends to try to curb a runaway market in prices, it must exercise some regulatory control over the banks. After all, the banks are the creators—the dispensers—of credit. And if banks are to be allowed to make loans, unchecked, then

the prospect of a rapid expansion in outstanding bank credit is probable; and inventory buying will continue to accelerate the advance in commodity prices (Outlook Chart).

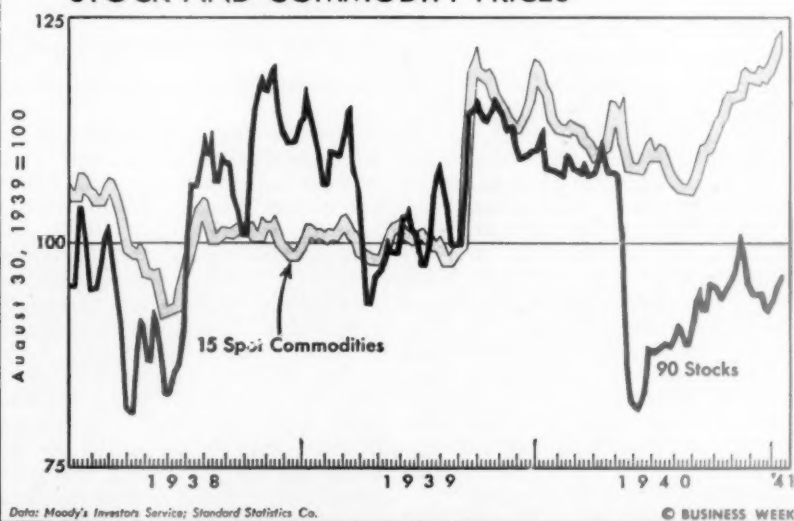
• **No Parallel with '37**—Thus the action the Administration takes on the Reserve proposal has a direct bearing on business, and is of basic importance. The Reserve's way of maintaining control over prices and credit is the orthodox, the central-banking way, of doing the job. And it cannot be argued that a repetition of 1937 is likely if the Reserve uses the powers it seeks. Then, inventories were high and new orders were on the decline; so when on April 2, 1937, Mr. Roosevelt announced that

prices were too high the stage was set for a collapse. But, today, no amount of talk about prices being too high can discourage business men from buying—not in the face of expanding orders on their books.

Instead of trying to control prices by central-bank persuasion, the Administration is apt to resort to more direct methods—price-fixing. Probably the government will issue additional "price instructions," similar to those in steel scrap and copper. These instructions represent a new technique—talking down prices to where government officials think they ought to be.

• **Guns and Butter**—The unwillingness of "all hands" to ratify the Eccles plan, moreover, suggests that the Administration is as yet uncertain how it wants to pursue the defense program. The argument about guns and butter still rages in Washington (page 72). In steel, for instance, certain government officials argue that the industry should expand plant in order to avoid any curtailment of civilian consumption. But the indus-

IN THE OUTLOOK:
STOCK AND COMMODITY PRICES



Usually stock and commodity prices move together. But since the war this economic partnership has split up. In the last 16 months, as the chart indicates, sensitive commodities have advanced 23%, whereas stocks have declined 4%. Feeling that the heavy demand for defense and other goods assures a continuing high level of industrial activity, business men have been enlarging inventories; and in the last two weeks the acceleration in the

price rise which Business Week predicted (BW—Jan. 4 '41, p13) has taken place. Stocks, on the other hand, have been lackadaisical—up one day, down the next. Since the upturn in spring, 1938 (lasting into the fall), stock-market rallies have been of short duration. In the last few years, commodities have been a truer guide to the business trend than stock prices. That is why this department has counseled so often, "Watch commodity prices."

try insists that that would result in a surfeit of plant when the defense effort ended. One of the easy ways to limit production of goods not needed for defense is to control bank credit available to firms making such goods. Thus the Reserve System's proposal would work hand-in-glove with a program that called for curtailment of certain civilian items. For, by discouraging loans to certain types of manufacturers, the Reserve would, in effect, be exercising priorities by indirection. But to be able to do this, it must have power to deflate excess reserves of member banks.

• **Expansion Phase**—Ultimately, Mr. Roosevelt will resolve these policy differences in his official family, and end the confusion. In the meantime, business men can only await developments. The government's program is not mature. The only definite policy is to produce airplanes, guns, and other materials of war as fast as possible. And business plans should be laid accordingly. The industrial statistics indicate that expansion is still under way, and no significant let-up in the high level of production is in sight for several months. Christmas trade was exceptionally good and increases in consumer goods output are likely in the near future. Moreover, the full impact of defense expenditures is yet to be felt, as last week's budget message disclosed.

NEW DEFENSE BUSINESS

With 575 companies now applying for special tax privileges to amortize defense plants over a five-year period, as provided by law (BW—Jan. 11'41, p14), new construction activity continued this week to be the outstanding feature of defense business. Westinghouse got \$16,000,000 for a naval ordnance plant at Canton, Ohio, and the Reynolds Corp. \$1,673,315 for one at Macon, Ga. To speed plane-engine output (page 30), Curtiss-Wright's propeller division got \$14,090,350 for a new plant at Pittsburgh and expansions at Indianapolis and Caldwell, N. J.; Otis Elevator Co., \$6,954,745 for a new plant to make crankcases for Wright Aeronautical Corp.; Ohio Crankshaft, \$3,968,130 for a new plant at Cleveland.

Single biggest order of the week went to the Willamette Iron and Steel Corp. of Portland, Ore.—\$24,000,000 for construction of mine layers. Individual items which bulked large in the week's contracts included Army raincoats—431,000 of them worth \$1,948,050, to be manufactured by fourteen firms—and gas-mask charcoal and other chemicals, to be supplied by nine companies. No details about this \$10,000,000 purchase were supplied, but about half the sum will go for construction of government-owned, privately-operated plants.

St. Louis will get a new small-arms ammunition plant costing \$11,819,400.



Washington's inaugural ceremony next week will be old hat to President Roosevelt. Only innovation in the

proceedings will be the replacement of John Nance Garner (right) by Henry A. Wallace as Vice-President.

Crisis at Ryan

Surprise injection of wage demand by Frankenstein results in strike vote, creating impasse awaiting government action.

Heat was turned on this week in contract negotiations between Ryan Aeronautical Co., San Diego, and United Automobile Workers. Discussions have been in progress for a month (BW—Jan. 11'41, p42). During the first three weeks the union was represented by Wyndham Mortimer, head of the California U.A.W., and L. H. Michener, Regional Director.

The Detroit high command of U.A.W., apparently feeling Mortimer and Michener were leading negotiations into an impasse, dispatched Richard Frankenstein, international officer, to San Diego on Jan. 4 to represent President R. J. Thomas, thus forcing Mortimer and Michener into the background. Observers hoped a fresh viewpoint might lead to more harmonious negotiations.

• **Wage Issue Introduced**—At Monday's conference, Frankenstein introduced at last the hot issue of wages. That was the first time, incidentally, wages actually had come up for official discussion although both sides had done plenty of talking about their wage positions for public consumption throughout negotiations. The company claims it wanted to start negotiations last month with the wage issue, and was turned down by

union representatives who insisted wages must be last, not first, on the agenda.

• **Strike Call Authorized**—Last Monday, after an unexpected one-hour debate on wages, Frankenstein and his associates announced all negotiations would end, that the men would vote on a strike as they came off their shifts Tuesday. The men voted unanimously to authorize their committee to call a strike, if necessary, to enforce the demand for a minimum wage of 75¢ an hour.

Up to the time the vote was taken, the company's best offer was 50¢ with an increase to 54¢ after four months, and 58¢ after another four months.

• **Contrast with Vultee**—This contrasts with the minimum-wage rate of 55¢ an hour at the start, and 62½¢ after three months, which U.A.W. won in its strike at Vultee Aircraft Co. last November (BW—Nov. 30'40, p57). Frankenstein is reported to have remarked Monday that the union never had actually expected to win its closed-shop demand, this after several days of discussion on that issue.

Immediately after the strike vote, H. C. Malcom, conciliator for the Labor Department, was shuttling between the union committee and company officials attempting to discover ground for renewing negotiations.

• **U. S. Action Expected**—The situation this week was unpredictable and full of dynamite. The best guess of close observers is that the union will set a strike deadline, and that the government would enter the picture thereafter in an attempt to prevent a strike.

America's New Deal for Britain

Despite fireworks, Congress will pass President's lease-lend plan substantially as is. Believed to mark beginning of long-term economic alliance between U.S. and Empire.

Look for a colorful congressional fight with lots of fireworks, but with passage of the bill, including all of the essential authority sought by the President, by Washington's birthday.

That's the lowdown in Washington this week on H.R. 1776—the bill which would make possible President Roosevelt's vast plan for leasing or lending military equipment to "the democracies."

• **Fast Work Expected**—Senator Wheeler's broadcast denunciation of the bill as another "New Deal AAA foreign policy—to plow under every fourth American boy" and the President's denunciation of the quip as the "rottenest thing that has been said in public life in my generation," made the first big headlines. But executives knew that Congress, prodded by the President and party leaders, would soon steer clear of polemics and get down to the essentials of the plan.

Best guess in Washington now is that the measure, probably amended to limit the President's special powers to two years, will go to the Senate by the middle of next week. And not even the Wheeler opposition is expected to hold it up there for more than a few weeks.

• **That Two-Year Limit**—Few supporters of the bill believe that the opposition can insert any amendments which will interfere with the main objectives.

The two-year limit of power, if it wins, means little, for at the end of that time if the war is still raging—and assuming that we are not formally in it by then—the President will have no difficulty extending his authority.

Nor can lengthy debate in the Senate seriously impede our aid to Britain. The real bottleneck here will continue to be production, not legislation. Furthermore, British assets for cash payment will certainly hold out until the isolationist senators have talked themselves out in their effort to rouse the country against the all-out aid-to-Britain policy (page 62).

• **Ship Deal Important**—Spectacular moves are expected during the four or five weeks that the bill is being debated. To meet the shipping shortage that faces the British, a deal will probably be announced shortly for British merchant vessels to be withdrawn from trade routes outside the combat zone, and for American-flag ships to take over this business. This would release for service in the dangerous North Atlantic "bridge of ships" between Halifax and British ports dozens of British freighters ordinarily employed on runs in the Indian Ocean, the Far East, or to Latin America.

The President's announcement last week that he has appropriated \$36,000,000 from funds at his disposal to be used immediately for the construction

H. R. 1776

The opposition claims we might as well go totalitarian as grant the President the powers asked in the aid-to-Britain bill (H.R. 1776). Supporters of the vast lease-lend plan claim the emergency is so serious that enormous authority must be given, at least temporarily, to one man.

Here is a brief summary of the controversial special powers which the proposed legislation would give the President:

(1) To manufacture in arsenals, factories, and shipyards any defense article for any country whose defense the President considers vital to the defense of the United States (for the moment these are presumably Britain, Greece, and China).

(2) To sell, transfer, exchange, lease, lend or otherwise dispose of, to any of these countries, any defense article on hand or to be manufactured in the future during the emergency.

(3) To test, inspect, outfit, or repair any defense article for any of these governments. (This presumably includes the possibilities of overhauling British vessels—mainly merchant ships—in American yards.)

(4) To communicate to these nations any information pertaining to defense or defense building.

(5) To release any defense article for export to these countries.



Senators Pat Harrison, Morris Sheppard, and Alben W. Barkley had a lot to say about the "lend-lease" bill to Senator Walter F. George (right),

chairman of the Senate Foreign Relations Committee, before the committee started hearings on the bill to give unlimited aid to Britain this week.

of new shipyards (in which 200 one-model freighters will be built this year) is a sample of the kind of orders immediately vital to the British that can be placed even before the lease-lend plan is voted. You can look on this ship contract as a model for other large orders which will be placed soon by Washington in other defense equipment lines. Whether Britain or the United States will get the ships or the planes or the equipment when completed will depend on whose need is greater.

• **More Destroyers?**—Only a few observers read into the pending bill any provision which could allow the conveying of merchant ships to Britain, but there is still gossip in both Washington and New York that a second destroyer deal is pending, which would accomplish just about the same results.

What is likely to go unobserved by many while the sparks are flying on Capitol Hill are quiet moves by this country's defense officials to cooperate much more closely in Britain's economic warfare by plugging contraband leaks

(page 65) in the waging of economic warfare.

• **Lighters Needed**—First effects of the new law, if it is enacted, are uncertain. Airplane production probably cannot be speeded up any more rapidly than it is already, but more planes—particularly bombers—might be allocated to Britain.

United States ship repair yards could probably handle the regular overhauling of a large number of British merchant vessels at once. World War experience indicates that more than 1,000,000 tons of British shipping may be under repair at any given moment.

Britain is reported to be in desperate need of lighters to handle loading and unloading which can no longer be done along the piers in many of Britain's key ports because of damage from bombs, and the United States may undertake to supply them.

• **Dominion Question**—No one has yet explained whether Canada and Australia are to pay for the extensive purchases of war materials which they will probably continue to make in this country, or whether they, too, are going to be allowed to "lease" the equipment, despite the fact Canada, particularly, has the means of paying for it.

In Washington the British have already extended their staff at the Embassy, and the New York headquarters of the British Purchasing Commission is expected to dwindle in both size and importance.

All defense equipment that Britain is to secure from the United States will be speedily standardized. The 25-ton tanks that Chrysler is handling are being built according to compromise plans which include the best features of both British and American army demands. Britain has accepted our airplane designs in most cases. In any future controversies over types of equipment, the American design is likely to win out.

• **Long-Term Prospect**—Back of the whole vast scheme for closer defense cooperation between the two countries which is epitomized in the bill now under discussion is a growing realization on the part of American business that it is headed for a period of intensive economic collaboration with Britain which is likely to extend for some time after the war. Whether this prolongation of a wartime emergency is caused by the necessity of fighting an economic war after the shooting has stopped or by the need for reconstruction planning on a scale which neither country can handle alone, little groups of far-sighted executives and economic planners are already talking quietly behind the scenes about reconstruction and world trade relations after the war. To these people, aid for Britain on the scale outlined in H.R. 1776 has been a foregone conclusion for many weeks.

New Price Rule

Amid louder warnings of crackdown, Defense Commission indicates costs, not demand, must determine prices.

Government control over prices is coming visibly closer. Because there may be an element of bluff in the Defense Commission's attitude, it's hard to say just how close actual intervention on prices may be. Yet the newsmen who have been talking to Leon Henderson, price arbiter for the commission, come away with the notion that he's at the point of demanding cooperation—or else!

All this was built into fairly dramatic headlines when Mr. Henderson talked to the steel scrap dealers, "suggesting" that they cut their quotations to a \$20 base. This represented a reduction variously estimated at \$2 to \$5 a ton, and it was the first case in which the Defense Commission had urged a slash by "voluntary" action in order to set a ceiling.

Earlier the boys in Washington had let it be known that they felt copper, at 12¢ a lb., would be high enough. But that wasn't exactly the same as the action on steel scrap because it involved no cut, just voluntary cooperation at a level already attained. Primary producers ever since have fought to keep the copper quotation down to 12¢. They have been rationing copper on

customers' orders for weeks in this effort.

However, the producers have been selling for delivery three or four months into the future. Fabricators who have suddenly decided that they must have metal for immediate delivery find themselves obliged to go to the custom smelters and to other outside interests, and on these spot orders the buyers persistently have been paying premiums ranging up to ½¢ and more. Volume at these premium levels has been large only on two or three days, yet critics of the copper price have shown an inclination to regard the premium prices, rather than the much larger business done on the 12¢ quotation, as the market.

Dissatisfied with the over-the-market prices on spot copper and in the belief that domestic production is insufficient to meet requirements, the government took its first punitive action. It contracted for 100,000 tons of foreign copper (about 85% from Chile) to come into the United States duty-free. Now it begins to look as though some of this foreign metal, earmarked for the Army and Navy, might have to be released if the federal authorities are going to try to drive premium prices out of the copper market.

• **Behind the Scenes**—If there were nothing more to the present price-control agitation than meets the eye, industry could rest a good deal easier. But there are behind-scenes maneuverings which which the government can either bluff or clamp down.

For example, Mr. Henderson pulled



STRIKE SETTLED

When John R. Owen (left), of the Defense Commission, told reporters last week about the eleventh-hour settlement of the threatened Ranger Aircraft plant strike (page 46), he made

his announcement in the Vanadium Corp. offices in New York City—significant because Vanadium's president, Edwin D. Bransome, represents the Defense Commission in handling employers in labor disputes which threaten defense production.

the high trump out of his sleeve when the steel-scrap people showed signs of talking back on the \$20 maximum price proposal. He showed them an offer from a leading railroad to by-pass the scrap dealers, selling whatever steel scrap it had along lines prescribed by the National Defense Commission. Moreover, Mr. Henderson announced that he had similar promises from other roads.

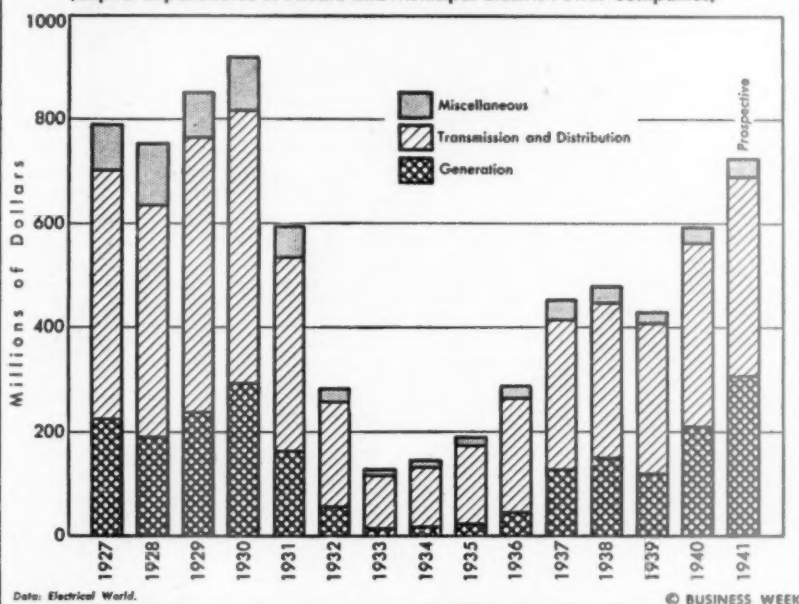
Thus the purchase of 100,000 tons of foreign copper and the threat of independent sale by the railroads of steel scrap have implemented the campaign for "voluntary" price cooperation. In these two cases the government wasn't bluffing, but held the high cards. In some other instances, the course of action short of actual price-fixing by government fiat is less clear, although there is always the threat of turning Thurman Arnold and his trust-busters loose.

One situation which has aroused persistent criticism in Washington is that in lumber. The manufacturers have been called in several times, and they blame skyrocketing prices on dealers. Yet the story around the Defense Commission is that the manufacturers will be expected to clean the situation up. Leaders in the business were told this once again when they met with Mr. Henderson last week—and then the rumor got around that they had been given their last warning.

The underlying facts in lumber highlight the government attitude that

UTILITY CONSTRUCTION HITS 11 YEAR PEAK

(Capital Expenditures of Private and Municipal Electric Power Companies)



Budgets of the electric utilities, private and municipal, this year are the largest since 1930, totaling \$724,110,000 according to *Electrical World's* annual compilation. Even more sig-

nificant, perhaps, is the fact that the outlay for added generating capacity, at \$305,000,000, is the largest on record. That's the answer given by the utilities on power for defense.

THAT LUMBER PRICE

Lumber production in 1940 was the highest since 1929; yet shipments topped output in every month of the year save two (on the basis of preliminary figures from the National Lumber Manufacturers' Association). Stocks on hand now are the lowest since the figures first were kept. There, in a nutshell, is the background for the much-discussed price rise from 92 to 119 (Bureau of Labor Statistics, 1929=100) since the war broke out in Europe. Here are the figures for the first 11 months of 1940 (in board feet, 000,000 omitted):

	Pro. duction	Ship-ments	Stocks on Hand	Price Average
Jan. ...	1,817	1,846	7,610	98.7
Feb. ...	1,845	1,864	7,621	97.7
Mar. ...	2,051	2,099	7,565	97.4
Apr. ...	2,199	2,211	7,553	96.7
May ...	2,342	2,395	7,513	96.0
June ...	2,262	2,224	7,577	94.8
July ...	2,237	2,364	7,480	94.8
Aug. ...	2,540	2,655	7,374	98.4
Sept. ...	2,474	2,737	7,158	107.1
Oct. ...	2,647	2,935	6,902	114.4
Nov. ...	2,288	2,524	6,686	117.5

costs, not demand, must be the determining factor in price. In other words, the lumber industry may be producing more lumber than at any time in a decade, and its shipments may be running far ahead of production. Its supplies of finished lumber may be the lowest in years, but the government isn't concerned about supply and demand. Prices, in Washington's view, must rest strictly on costs.

That the Defense Commission is trying to bring pressure to bear on many lines without an actual crack-down—and this is true of lumber and perhaps of machine tools—is indicated in the "off-the-record" information passed on to the press. Ideas are given to the reporters calculated to be best able to drop a few hints where they will do the most good.

Whether the government is prepared to follow through with coercive action if these hints don't accomplish the desired results, it is still too early to guess. But the members of the Defense Commission remember that the President mentioned slackers in his address to Congress two weeks ago and said that the government would "use the sovereignty of government to save government." That allows enough latitude to suggest conscription of recalcitrant industry, imposition of arbitrary price maximums, or just about anything that comes to mind.

Taxpayers Rise Up

And major economies are achieved in states and local units as militant organizations become increasingly effective.

Dear to the heart of the cartoonist is the formalized figure of the American taxpayer. He has been pictured as a mild, spectacled little man wearing a barrel in lieu of the pants which the collector has removed. In recent years the tradition has been frequently discarded to portray the victim as a roaring David. This signalizes the fact that taxpayers all over the country are getting together in militant organizations, that they are on the warpath, that they are winning battles for lower budgets.

There are about 1,200 taxpayers' associations in the country and the number is growing. Their job is to act as a brake on the 175,000 governmental spending units—federal, state, county, municipal, township, plus all sorts of school and road districts, parks, water-supply, drainage and irrigation boards.

• **Ready for 44 Legislatures**—Right now taxpayers are strengthening their lines for the winter campaign. Forty-four state legislatures meet in 1941, all but one

(Florida) this month. In each the apostles of public prodigality will be busy. Battle cry of the taxpayers is, "Billions for defense—not one cent for waste". Their strategy is to cut state and local spending to make way for the federal rearmament effort. They are pulling for a 10% reduction in the \$14,000,000,000 annual take of state and local taxing units—a saving that would sustain a 500,000-man army for a year.

Association executives assert that the saving can be taken out of overlapping, wasteful, grafting, or just plain dumb expenditures without hurting essential public services.

• **More Victories**—Taxpayer victories increase as the organizations consolidate their activities and exchange details on methods. A few state tax associations go back 20 to 25 years but the real growth followed the big bust of 1929, when taxes began to draw blood. There now are 29 state organizations. Tax Foundation, Inc., 30 Rockefeller Plaza, New York, seeks to extend the formation of state and local groups, to act as a national clearing house for information and formulas.

Your foxy politician knows that the place to put on political pressure is not in Washington but out in the localities where the voters live. Taxpayer associations apply the same principle. They organize, check, and agitate in the locality where the taxpaying person or property is rooted.

• **Four Taxpayer Themes**—The Tax Foundation poses four themes for local tax organizations to harp on: (1) Have tax moneys been spent wisely and efficiently? (2) Are present local tax rates too heavy for the community? (3) What, if any, local government services can be curtailed or eliminated? (4) What functions are obsolete or can be consolidated in other agencies?

Many expenses are so senseless that a revelation shames officials to correct them. A Utah county paid \$3.65 for 500 printed forms in 1938, and \$9.65 for the same number of the same forms the year following. Another Utah county bought 180 gallons of gasoline at 22¢ per gal. and on the same date paid 19¢ per gal. for five gallons of the same grade. A Nebraska county paid for a bridge that had never been built. A state-wide tax revolt in Nebraska started with a study to see whether one county's expenses were reasonable when compared to others. Prize example of the need for centralized buying was uncovered in Massachusetts where a small city that should have had one purchasing agent, had 25. A common discovery in all states is buying by officials from political friends who charge the community highwayman's prices.

• **Hard Road to Solvency**—With the aid of tax associations, many states and subdivisions have cut expenditures or have started on the long, hard pull back to

solvency. The Nebraska Federation of County Taxpayers' Leagues under the hard-hitting leadership of Frank G. Arnold has had much to do with reducing costs and levies in that state.

Last year a Taxpayers' League in New York's lush Westchester County had \$1,000,000 slashed from the county budget, blocked a 22% tax increase. In South Bend, Ind., a similar body has hacked almost 40% off taxes in six years. In New Hampshire, 18 cities and towns with taxpayers' associations enjoyed an average reduction in the tax



The taxpayer is getting tough. He's organizing. In this cartoon from the Citizens Public Expenditure Survey, Inc., Albany, N. Y., he isn't even wearing his customary barrel any more. He's celebrating the fact that he knocked \$26,500,000 off the New York State budget in 1939 and \$5,000,000 off the 1940 budget. In 1938 there were only 32 organized taxpayer associations in New York State. Today there are 247.

rate of \$1.19 from 1938 to 1939. Taxpayer action cut the spending of Minnesota's 1939 biennial legislature by nearly \$10,000,000 as compared to the previous session, passed no new taxes, and no new bond issues. For the year to July 1, 1940, Minnesota's debt was reduced by \$8,890,000.

• **Organizations Multiply**—Taxpayer groups are on the job whenever state or local bodies meet to discuss budgets and tax rates. In New York this year, 800 local tax organizations organized 6,000 protestors who invaded Albany to trim the state budget by \$5,000,000 and knock out personal income tax schedules that would have cost citizens \$15,000,000. In Boston 7,000 persons heard 87 economy recommendations

from the Massachusetts Federation of Taxpayer Associations and succeeded in lopping \$14,590,000 from the state budget.

While the general policy of the organizations is friendly consultation and brotherly advice, they can be hardboiled on occasion. The Cambridge (Mass.) Taxpayers Association won a case in the state supreme court which set the 1940 tax rate at \$43 instead of the \$47 demanded by the mayor. Ohio's Citizens Tax League claims savings of \$2,500,000 through court actions against alleged collusive highway bids, oversize hauling contracts, payment of idle highway crews, and other boosts in departmental costs.

• **Bay State Activity**—The Massachusetts Federation of Taxpayers Associations, with 200 affiliated local groups, is an example of the completely mobilized state organization. It was promoted by the New England Council and was founded in 1935. Principal organizers were Norman McDonald, ex-newspaperman, and Reginald W. Bird, retired business man.

They dissected budgets, attacked the more shocking cases of mismanagement, publicized simple but maddening cases of waste (\$1-per-block taxi rides, \$5 inkwells, \$4,500 a year for poetry praising the state Division of Marine Fisheries).

• **How the Setup Works**—The typical state organization has a controlling board of business, civic, and educational leaders. It is operated by a fulltime staff headed by a paid director. There are field men who stimulate the formation of local groups, address meetings of all sorts, advise the heads of subsidiary units, organize the major demonstrations. Usually they prefer persuasion and education to the howling-mob approach.

Periodicals acquaint the membership of happenings in its own and other organizations. Propaganda is fed to newspapers, broadcasting stations. Studies are made (often with the aid of the Tax Foundation) on public expenditures and administration.

• **Support from Business**—Financial support comes mostly from business. Though it might be easy to interest wealthy angels suffering from tax phobias, it is found more desirable to obtain smaller contributions from as many sources as possible to broaden the basic support and avoid the handicaps of one-man rule.

Working heads of the state associations are of many sorts: Ex-newspapermen, ex-public-officials, association men, college-trained students of public administration. There aren't enough specialists in the field to go around.

The Sloan Foundation (created by Alfred P. Sloan, chairman of General Motors) moved in the right direction in 1938 when it established 10 annual fellowships in government administra-

AIR BATTLES

... underground

STRANGE that the very air we breathe can be turned into a dynamic force that drills through solid rock or flattens steel rivets with rapid strokes.

Here is industry's most flexible form of power . . . and one that is most exacting in its lubrication needs. Texaco lubricants have been remarkably successful in this field . . . more than 2300 Texaco distributing plants make them quickly available everywhere.

THE TEXAS COMPANY

—in all
48 States





SAGA OF A STICK OF GUM

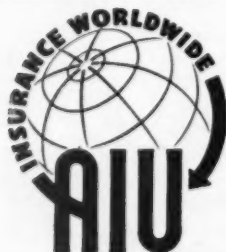
THE great American gum-chewing habit may be said to have its roots in the lowland jungles of Mexico and Guatemala, where an ancient civilization is now marked only by archaic Mayan ruins. In that country abounds the Sapodilla tree, producer of the vast quantities of chicle needed to meet the demands of a nation that chews, each year, a veritable mountain of gum.

Production of the valued chicle depends upon the descendants of that by-gone civilization, sturdy chicle-ros, who now use radios to signal supply planes to new-found locations. It also depends upon adequate insurance to provide indemnity against loss from the time the trees are tapped.

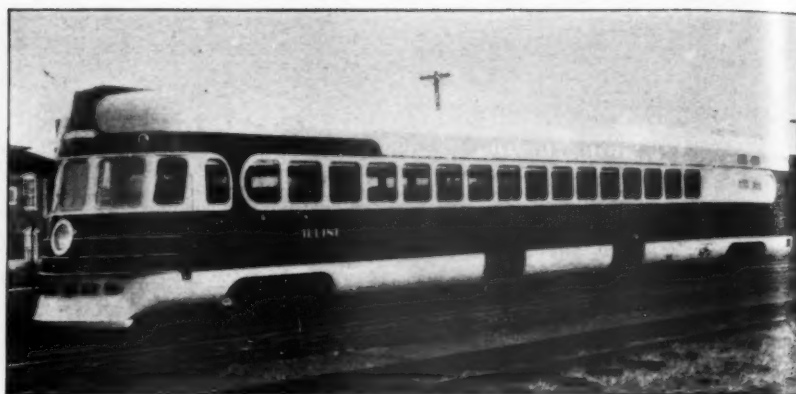
The AIU insurance organization, international in scope and with competent insurance men on the spot in important trade centres, serves American foreign commerce throughout the world. These extensive facilities are at your command. Consult your insurance broker or agent with whom the AIU works in close co-operation on the problems of insurance in foreign lands.

AMERICAN INTERNATIONAL UNDERWRITERS CORPORATION

111 John Street, New York
340 Pine Street, San Francisco



Except U. S. A. and Canada



Latest experiment on the Illinois Central is this luxury coach which was designed and built by American Car & Foundry and which now supplants

a two- or three-car steam train on the Chicago-Champaign run. It is air conditioned, seats 69 passengers, and boasts dining service, buffet-style.

tion at Denver University. The one-and-a-half year course is open to college graduates. Also, the Tax Foundation this year set up two annual scholarships of \$1,500 each at New York University for specific research projects in this field.

GOLDEN GATE

Now that the Tower of the Sun and the Lagoon of Nations are being leveled off to make way for an airplane base, significance of the Golden Gate International Exposition to California in dollars and cents is revealed.

Californians, Inc.—non-profit tourist promotion outfit with headquarters in San Francisco—estimates that 2,530,643 tourists spent \$328,762,470 in California during the 382 days of the Exposition in 1939 and 1940. Subtracting this figure from tourist expenditures in 1938 (considered a normal tourist year), Californians, Inc. figures that the Exposition netted California \$71,599,925.

Better Train Rides

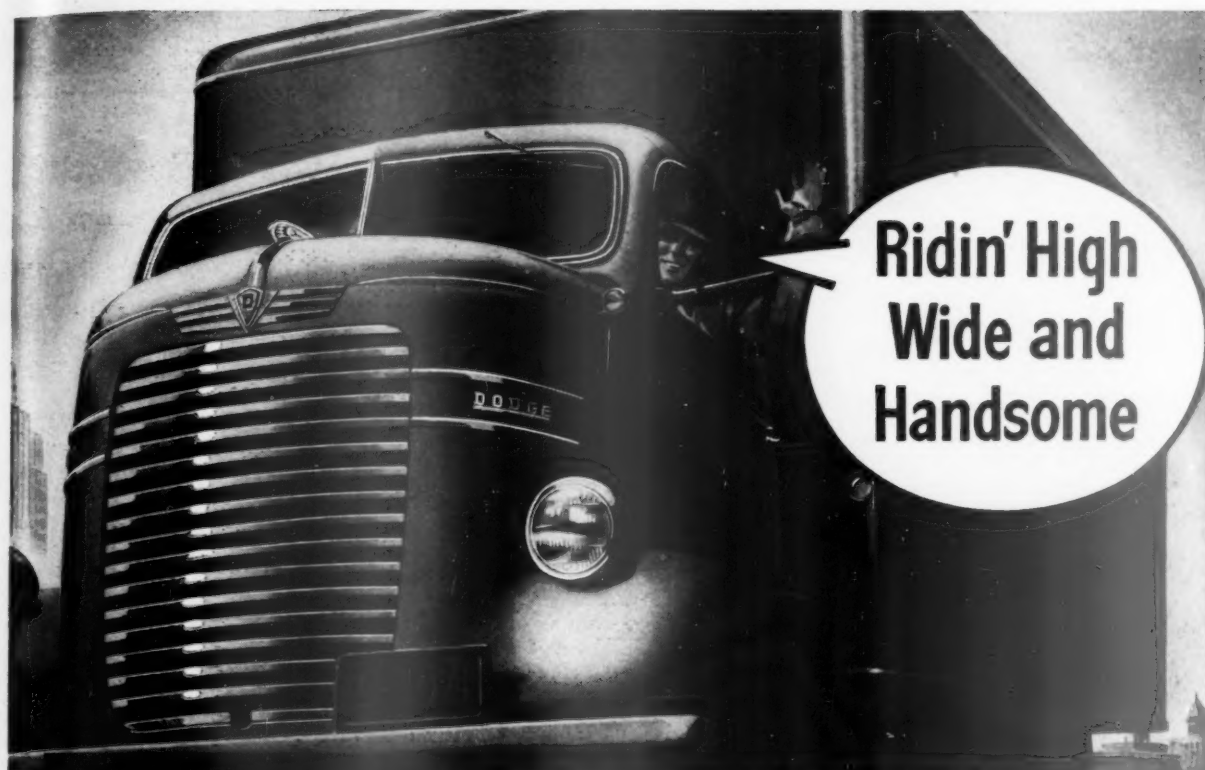
Midwestern railroads have a field day with new streamliners and super-street cars, with some sensational successes.

New passenger trains that are faster than those they supplant, some of them embodying novel ideas, are coming along so frequently that they attract slight attention. Most of them attract plenty of riders, however. Recently the Middle West has had almost an epidemic of new trains, with several inaugurated within the month. The three Chicago-Florida all-coach streamliners in service since early December have been filling all seats southbound on every trip—and practically every seat northbound.

Probably the most significant new



The Zephyr-Rockets, jointly operated by the Burlington and the Rock Island, cut running time on the Twin Cities-St. Louis jump to 14½ hours.



DODGE *Job-Rated* **CAB-OVER-ENGINE** **TRUCKS**

AVAILABLE
IN

1½-TON and 2-TON SERIES

**26 STANDARD CHASSIS
and BODY MODELS**

3 WHEELBASE LENGTHS
105" - 126" - 169"

● They're the pride of any fleet . . . powerful looking, smart looking, dependable looking!

But . . . "Handsome is as handsome does," they say.

Well—here are trucks everybody votes for: The buyer—(that's you)—because you pay less for the gas, oil and upkeep of these staunch, quality-built trucks. They're engineered throughout for economy!

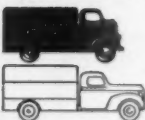
Truck drivers like 'em, too! Easy to get in and out! Easy to handle! Easy to ride in—all day long!

You want to know, of course, what these modern cab-over-engine haulers will do on *your* job; how they'll save money—*why* they'll save money.

Drop in on your Dodge dealer. He has the answers . . . including the *right* truck, the *right* price, the *right* terms . . . for you!

DODGE DIVISION, CHRYSLER CORPORATION, DETROIT, MICHIGAN

Space Savers



UP TO 2½ FEET LESS
OVER-ALL LENGTH.

Work Savers



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HIGH DRIVER SEAT—
FASTER AND SAFER
TRAVEL IN TRAFFIC.

Money Savers

1. ECONOMY FEATURES
2. LONG-LIFE DESIGN
3. QUALITY MATERIALS
4. PRECISION WORKMANSHIP

DEPEND ON DODGE
Job-Rated **TRUCKS**

See Your
Dodge Dealer

- for*
1. A "GOOD DEAL"
 2. EASY BUDGET TERMS
 3. RELIABLE USED TRUCKS, ALL MAKES

trains for the business man are the lightweight, diesel-powered Zephyr-Rockets put on last week as a joint operation of the Rock Island and the Burlington. The Twin Cities-St. Louis jump has been traditionally shunned by experienced travelers. By rail it has taken the hapless passenger at least all night plus half a day. By air it has routed him the long way around, via Chicago.

• **Way Stations, Too**—The Zephyr-Rockets make it between 5 p.m. and 7.30 a.m., which is a big help for folks in transit between Southwest and Northwest. Also, these trains are getting a lot of shorter-haul business to such way stations as Hannibal, Quincy, Keokuk, Port Madison, Burlington, Cedar Rapids, Waterloo, and Albert Lea.

Notable in the collection of new rolling stock that is taking to Midwest rails is the car which American Car & Foundry Co. has just delivered to the Illinois Central—a single luxury coach into which virtually an entire train, complete with diner, has been telescoped. This is a lightweight, steel-alloy rail car, independently powered with a 225-hp. Waukesha semi-diesel engine. Two units have been built: the Miss Lou, running between New Orleans and Jackson, Miss.; and the Illini, for the Chicago-Champaign (Ill.) trip.

• **Replacing a Train**—These super-street cars are frankly experimental with the railroad. The Illini's run is 126 miles, including 15 station stops. It is scheduled for an average speed of 49 m.p.h., a running time of 2 hr. 35 min., which is 15 minutes faster than the two- or three-car steam train it supplants.

The single car seats 69 passengers, is air-conditioned, contains a buffet for refreshments and light lunches. Its operating cost will probably prove far below the old train's, but its lack of flexibility has the management wondering whether they will have to fall back on steam when travel is heavy. Alternative is to build a lightweight trailer for the Illini. Either course cancels out much of the Illini's theoretical advantage.

• **Chicago to Omaha**—Sensationally successful has been the Milwaukee road's Hiawatha, steam-powered daytime streamliner with two daily schedules each way between Chicago and Minneapolis. Last month the road added the Midwest Hiawatha between Chicago and Omaha, with substantial time savings to Nebraska, Iowa, and Dakota points. Competition promptly met the schedule to Omaha.

In this region, major streamliners characteristically connect big cities. Now the Chicago & North Western plans putting \$1,250,000 into a diesel-powered streamliner like its "400"—but on a feeder line running into Chicago from Wisconsin's industrial towns of Green Bay, Neenah, Menasha, and Appleton.

NATIONAL DEFENSE

Defense: a Philadelphia Story

Deluge of war orders revitalizes idle factories, cuts relief rolls, puts money in shoppers' pockets, and turns city from problems of contraction to those of expansion, such as worker training.

A recent applicant for training as a machinist in Philadelphia was a well-pressed gent who looked as if he had just strolled over from Rittenhouse Square. The girl who put him on file asked some necessary questions. Yes, he was sure he was in the right place. No, he was not unemployed.

"You see," he explained, "I have a friend who gets \$1 an hour running a drill press in a plant that's making gun parts. I'm a salesman in a downtown clothing store. My friend earns more in two days with overtime than I earn in a week. I'm ready to throw away my white collar." This fugitive from retailing is but one of many evidences that national defense is writing a new Philadelphia story.

• **A Deluge of Orders**—Poor Richard might deplore the profligacy with which the government is spending for armaments but Business Man Ben Franklin would approve the enthusiasm with which his old home town is shifting to take advantage of a deluge of industrial orders. It came when sorely needed. Visiting journalists had got into the habit of sneering at the city as a numbed victim of political mismanagement. After a few months on a Philadelphia newspaper, Stanley Walker did an exhortation for Look magazine which played up the unpaid-for city hall, the unfinished subways, the unpleasant



Penn the Founder looks down on the factories of a busy Philadelphia.

drinking water. Detractors found statistical support in the last census whose preliminary count (1,935,086) showed this, the third largest U. S. city, had lost 15,875 souls in the past 10 years.

• **What the Commission Saw**—Crabbed visitors get their impressions from dark



Vocational training for defense in a Philadelphia school—24 hours a day.



300,000 NEW CUSTOMERS...THIS YEAR!

Electricity will come to approximately 300,000 farm homes this year, to enlarge still further a market which spends a half billion dollars annually for home appliances and household operation.

When a wire no thicker than your little finger can release such a flood of farm dollars, the opportunities the farm market presents you, regardless of what you make, and the effec-

tiveness of your advertising to farm people, become matters deserving your most searching attention.

Successful farm advertisers have demonstrated time and again that farm publications are the most effective medium for advertising to the farm market. For they are the only publications expressly created to satisfy the dual needs of livelihood and living which make farming fun-

damentally different from all other occupations and ways of life.

Because they help farmers to earn more money and to live better, they are the most important publications that come into the farm home. They reach the entire family. And they offer you the most direct and influential way to place your sales message before 32,000,000 farm people who have ten billion dollars to spend.

AGRICULTURAL PUBLISHERS ASSOCIATION

MEMBERSHIP COMPOSED OF NATIONAL, SECTIONAL, STATE AND SPECIALTY FARM PUBLICATIONS

THE NATIONAL CITY BANK OF CLEVELAND



Statement of Condition

DECEMBER 31, 1940

ASSETS

Cash and Due from Banks	\$114,512,629.88
United States Government Obligations	46,873,953.27
Other Securities	15,890,463.23
Loans and Discounts	56,890,577.44
National City Bank Building and Leasehold	1,900,000.00
Other Real Estate Owned	46,873.93
Customers' Liability on Acceptances and Letters of Credit	2,506,743.47
Customers' Liability on Loan Commitments	1,665,198.18
Accrued Interest	493,201.66
Other Assets	120,438.47
	\$240,900,079.53

LIABILITIES

Capital Stock	\$ 9,000,000.00
Surplus	4,350,000.00
Undivided Profits	1,126,513.20
	\$ 14,476,513.20
Reserves	2,997,442.63
Acceptances and Letters of Credit	3,006,743.47
Loan Commitments Outstanding	1,665,198.18
Accrued Interest and Expenses	109,495.37
Deferred Credits and Other Liabilities	286,263.03
Corporation, Individual and Bank Deposits	\$176,763,944.34
Savings Deposits	30,805,341.67
Trust and Public Deposits	10,789,137.64
	218,358,423.65
	\$240,900,079.53

NOTE: United States Government obligations carried at \$11,711,992.63 are pledged to secure trust and public deposits and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

and narrow downtown streets, from building lines broken by parking lots which attest to weariness with tax paying. When members of the National Defense Commission looked at Philadelphia they saw a different picture. They saw a great belt of industries spreading wide from under the broad brim of William Penn's hat atop the City Hall. They saw Kitty Foyle's Frankford, where the Arsenal is; the textile mills of Kensington; factories and workshops of nearly every kind scattered through these and other sections of the city, and reaching into neighboring towns.

There were Sun Shipbuilding at Chester (already roaring with rush orders); Baldwin Locomotive at Eddystone (housed in new and greater plant facilities since the last World War, in which it was such as outstanding producer); Brill, Disston, and hundreds of others. Each had its nucleus of machines and skilled workers. Many were on slack runs, were eager to take on government contracts.

• **New Life in Old Streets**—Hence, while licking her economic wounds, Philadelphia was suddenly interrupted by a tidal wave of war gravy. Between June 13 and Dec. 1, defense orders totaling \$1,146,099,000 were placed in the Philadelphia industrial area. This was 11.3% of all National Defense Commission orders given out during that period. War contracts for the district have since passed \$2,000,000,000.

Effect of this was an abrupt reverse. Philadelphia turned from problems of contraction to those of expansion. The change made itself felt in the pre-Christmas shopping fevers. Saturday buying crowds overflowed the sidewalks of Market Street and tributaries. In some cases closing time brought serious traffic congestion at the doors of big stores. Retail sales showed an estimated 14% gain in the four-week period ending Jan. 4, as against a similar period a year ago. The estimated payroll in the five-county Philadelphia area rose to \$404,000,000 for 1940 against a definite \$361,901,500 in 1939.

• **Buying Necessities**—Heaviest buying was by middle and lower income groups. It centered on the necessities. There was a definite lag in luxury demand. "I guess rich guys are still sulking over the Willkie defeat," one clerk ventured.

True to the rambling American tradition, Philadelphians began buying motor cars as soon as the immediate future seemed safe. In 1940's first 11 months, 42,103 new passenger cars rolled off the floors of sales rooms and into the garages of owners. Sales for the same months of 1939 were 31,932. Used-car sales in 11 months of 1940 were 79,651, an increase of 10,955 over the similar period of the previous year.

• **And Street Cars, Too**—The impact of defense jobs on transportation was

also shown in a \$1,000,000 increase in gross receipts of the reorganized Philadelphia Transportation Co. for the first 10 months of 1940 over those of 1939. (This company now has 153 new buses in service, is expecting delivery of 130 streamlined street cars, recently ordered 40 trackless trolley coaches.) There is talk of finishing the Locust St. subway to meet the traffic rush certain to develop when production gets going.

With jobs (and chins) up, heavier telephone traffic becomes a matter of course. Bell Telephone, the larger of two phone systems operating in Philadelphia, reported a 12-month gain of 10,732 telephones (the total was 389,956) in service on October 1. Average daily calls increased by 130,092. Since Washington is the fountain-head of contracts it wouldn't be surprising if Philadelphia-Washington long-distance calls gained. They did. Figures were 12,296 in September, 1939, 14,141 in September, 1940.

• Training the Men—Big questions in Philadelphia are:

"How many men are going to be needed for defense production?" "How can we train them in time?"

Dr. Henry Butler Allen, chairman of Philadelphia's Advisory Council on Vocational Training for National Defense, estimates that 69,000 unskilled, semi-skilled and skilled workers will be required "to produce over a three-year period a minimum of \$1,000,000,000 of defense material." On this basis, the area's two billions plus of war orders would mean something like 138,000 new jobs. Courses designed to train men as fast as needed already are in operation and the sponsors are sure that they can meet the situation with Philadelphians. Outsiders aren't wanted.

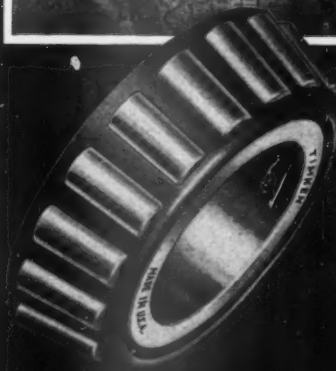
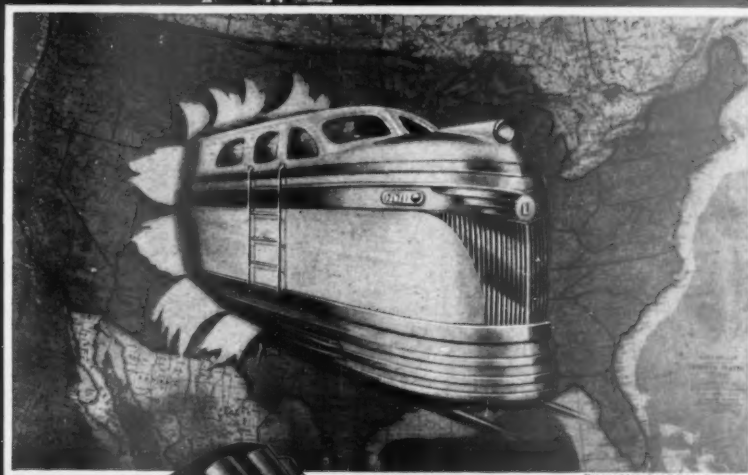
• **U. S. Pays for Schooling**—The federal government pays the entire cost of this instruction, which is given at vocational and high schools where equipment is available. Dr. Louis Nusbaum, Associate Superintendent of Philadelphia public schools, declares that 33,000 men have been trained since July, 1.

Enrollees include sons of workers, seasoned mechanics needing refresher courses because of past idleness, middle-class youngsters whose mamas have overcome their horror of dirty hands, men on relief (they are lopped off the rolls if they refuse to learn), and even a few women. Currently 5,000 are taking the courses and 6,500 are on the waiting list. Many applicants fail to show up when their turn comes because they get jobs in the meantime.

• **How to Run a Machine**—Machine shops of schools burn the midnight watts long after the good burghers have gone to bed. Courses usually are for 10 weeks, six days per week, four to eight hours per day. The last (and most unpopular shift) ends at 6.30 a.m.



MILES of SMILES on Timken Bearings



Practically all modern Streamliners are Timken Bearing Equipped. This assures the highest degree of riding comfort. Railroad men like the fact that Timken Bearings increase efficiency of locomotives, passenger and freight cars—cut operating costs—eliminate hot-boxes.

Back of the Timken Roller Bearing is a wealth of research, engineering knowledge and over forty years of experimental work.

If you would enjoy the utmost comfort—Miles of Smiles when you travel—take a Timken Bearing Equipped train.

NOTICE—Look for the trade-mark TIMKEN on every bearing, whether buying new equipment or replacing a Timken Bearing in your automobile or truck, industrial or farm machinery. That trade-mark is your assurance of quality.

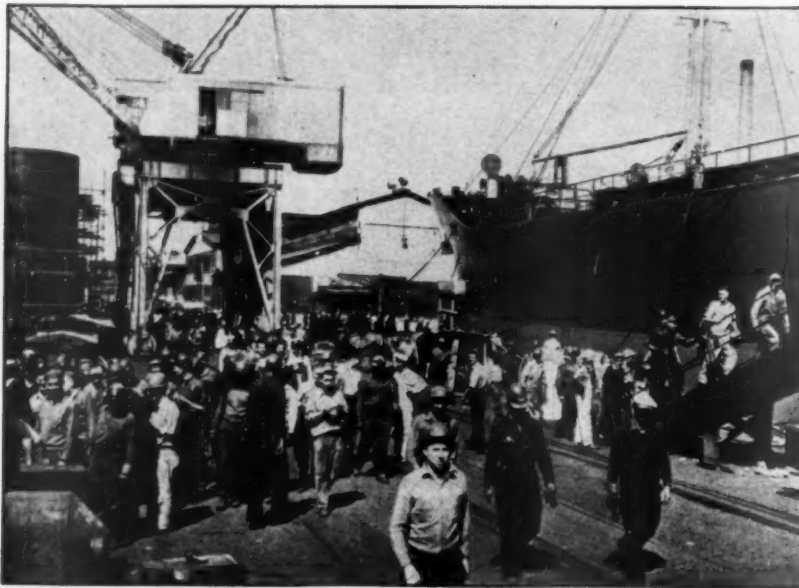
TIMKEN

TRADE-MARK REG. U. S. PAT. OFF.

TAPERED ROLLER BEARINGS



THE TIMKEN ROLLER BEARING COMPANY
CANTON, OHIO



Ship workers at Chester build new vessels for the merchant marine.

There isn't enough time properly to service training machines and spare parts are difficult to get because school buying collides with hard-pressed industrial demand.

Instructors are mostly greasy and grizzled practical machinists whose skills attract defense orders to Philadelphia. In their time off from regular jobs they show novices how to grind, turn, drill without losing fingers, eyes or other personal equipment. Because of plentiful jobs, it becomes increasingly difficult to find men to instruct on the early morning, graveyard shift.

• **Relief Load Lightened**—These Philadelphia classes cost Uncle Sam \$29,161 for a typical month. It is dough cast upon the waters since it encourages self-support, thereby cutting relief costs. Sound economic nourishment is steadily weaning devotees from the public sugar teat. The lessening drain (against the background of recent years) is a mark of Philadelphia's recovery. The Pennsylvania State Employment Service figures it found jobs for 160,000 in 1940.

Effect of war orders is evident to the naked eye in the disappearance of "For Sale" signs from factory buildings and in plant extensions everywhere. Biggest deals have been purchase of the old Atwater Kent plant by Bendix Aviation Corp. for the manufacture of aircraft accessories and reopening of the long-idle Cramp shipyard.

• **Re-entering History**—Atwater Kent made history in radio. Its simplified finder took the sleight of hand out of station location, a nuisance of early sets, and it led in the development compact receiving units that could be easily shipped and merchandised. Trampled under foot by stronger rivals in the radio field, the plant re-enters history in

a new rôle. Bendix Aviation starts production there early this year, plans ultimately to employ 7,000 who will have \$1,000,000 monthly to spread around in Philadelphia stores.

A clean-up crew is now busy on the rust and rats, accumulated during 13 idle years at the Cramp shipyard. Sons of World War No. 1 shipbuilders will soon be turning out war craft for World War No. 2. The yard goes into action on orders for six cruisers to cost \$113,822,000. Some hiring will be done this month but the first keel won't be laid until August. Peak employment of 6,000 is expected by summer, 1942.

• **Absorbing Factory Space**—War orders are rapidly revitalizing idle factory space that seemed a permanent liability a year ago. When the rush hit town, Philadelphia had 11,000,000 sq. ft. of unused plant floors. Roughly 3,000,000 sq. ft. of this has been absorbed and the rest is going at the rate of 1,000,000 sq. ft. every 60 days. An Industrial Committee of the Philadelphia Real Estate

Board helps manufacturers find suitable space. Thirty-two new concerns (which promise to make a dent of 10,000 jobs in unemployment) located in Philadelphia during the three months to Dec. 1.

The abrupt change from famine to plenty has shaken Philadelphia to the core of its conservative soul. A typical clash between the old and the new concerns housing.

• **Two Schools of Thought**—One camp plugs passionately for slum-clearance, for idealized new construction. The other, representing rooted investment and haters of the New Deal, stands grimly for modernization of existing shelter. Building construction reflects the deadlock; the tentative figure for 1940 (\$30,471,690) shows a drop from the 1939 figure (\$32,612,870).

Admitting that Philadelphia has 82,000 sub-standard dwelling units in its 500,000 total, the standpatters assert that 25,000 could be profitably rehabilitated. They point out that Arthur W. Binns (BW—Dec. 9 '39, p. 32) has shown how mournful and repetitious rat traps can be modernized into comfortable low-rent, income-producing properties. Such folk feel that federal guarantees should apply to funds for modernization as well as new construction.

• **Washington Warns**—These protests are drowned by warnings from Washington that there is going to be a housing shortage at war plants. Already neighbors are yelling against a trailer camp near the Navy Yard. A blast from John Carmody, Federal Works Administrator, charges that Republican Philadelphia turned down a \$19,000,000 federal project for political reasons and gives real estate interests chills by threatening to apply the fund outside the city.

Across the Delaware River, Camden shares the war fortunes as an important unit in the Philadelphia area. Leaders in defense orders here are New York Shipbuilding Corp. with \$560,000,000 on its books, and R. C. A. Mfg. Co. with \$10,181,000. From 2,000 workers in 1938, employment at New York Shipbuilding has risen to 10,000, may



New workers at Philadelphia's Navy Yard house themselves in trailers.

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VALUE LEADER FOR '41!

New **CHEVROLET TRUCKS**



60 bigger, better, more powerful truck models . . . on nine longer wheelbases . . . all with the most powerful truck engines in the low-price field, massive new truck styling and new recirculating ball-bearing steering gears . . . all bringing you greater performance and durability than ever before, together with famed Chevrolet economy.

**OUT-PULL
OUT-VALUE
OUT-SELL**

CHEVROLET

Here are the value-leading trucks for 1941 . . . the trucks that *out-pull, out-value, out-sell* all others in their field . . . the *right* trucks for all trades!

These new Chevrolets have the *most powerful truck engines* in the low-price field. A 90-horsepower standard engine, with 174 foot pounds torque—and a 93-horsepower heavy duty engine, with 192 foot pounds torque, optional at extra cost on Heavy Duty models. So you know these

new Chevrolets will give peak performance with traditional Chevrolet economy.

And they also have *new longer wheelbases . . . new recirculating ball-bearing steering gears . . . new, more roomy, more comfortable driver's compartments . . . and many more advanced features.*

Visit or phone your Chevrolet dealer for a thorough demonstration of Chevrolet quality and value leadership —today!

CHEVROLET MOTOR DIVISION, General Motors Sales Corporation, DETROIT, MICH.

SEE THESE "RIGHT TRUCKS FOR ALL TRADES" AT YOUR CHEVROLET DEALER'S

Can a Railroad Train

A STATEMENT BY
EDWARD G. BUDD

RAILROAD men can examine a piece of equipment and classify it as either "not safe" or "safe." "Safe" equipment is the rule on American railroads and the public knows it. Passengers no longer question the safety of trains they ride on. They have implicit faith in the judgment and ability of every man connected with railway operation and maintenance.

Why then, many ask, should the Budd Company build trains that so far exceed accepted safety standards? It's a good question!

We believe that there's no set limit to safety. As long as research develops new, stronger materials and new ways to make them into safer trains, man should keep right on bettering his product. If it hadn't been for such progressive spirit, railroad trains wouldn't be so safe today. And Budd thinks the same spirit should lead to greater achievements.

That's why Budd builds the strongest, safest trains that can be built. That's why every car is built through and through of stainless steel, the most expensive and strongest material used structurally today. That's why we fabricate by the exclusive SHOTWELD★ process, invented and developed by Budd.

As long as passengers expect the best from the railroads, Budd intends to build the best . . . regardless of cost . . . regardless of competition. Progressive railroad management has shown by its purchases of Budd equipment that it thinks the same way . . . that no train can be "too safe."

Edward G. Budd
PRESIDENT

EDWARD G. BUDD MANUFACTURING COMPANY, Philadelphia

★Reg. U. S. Pat. Off.

BUDD

METHODS SAFELY

ELIMINATE DEAD WEIGHT

Train be "TOO SAFE"?



Elliott
ADDRESSING MACHINES

THE ELLIOTT PLASTIKOTE ADDRESS CARD

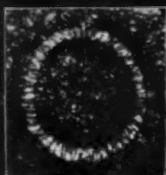
One of the addresses shown below was typewriter typed through a ribbon.

The other address was printed from an Elliott Plastikote Address Card in which the same address had been stencilled by the same typewriter after the typewriter ribbon had been removed. Can you tell them apart?

The Elliott Company
143 Albany Street
Cambridge, Mass.

The Elliott Company
143 Albany Street
Cambridge, Mass.

Here is a microscopic photograph enlarged several times, showing the impression of the letter "O" made by a typewriter in an Elliott Plastikote Address Card.



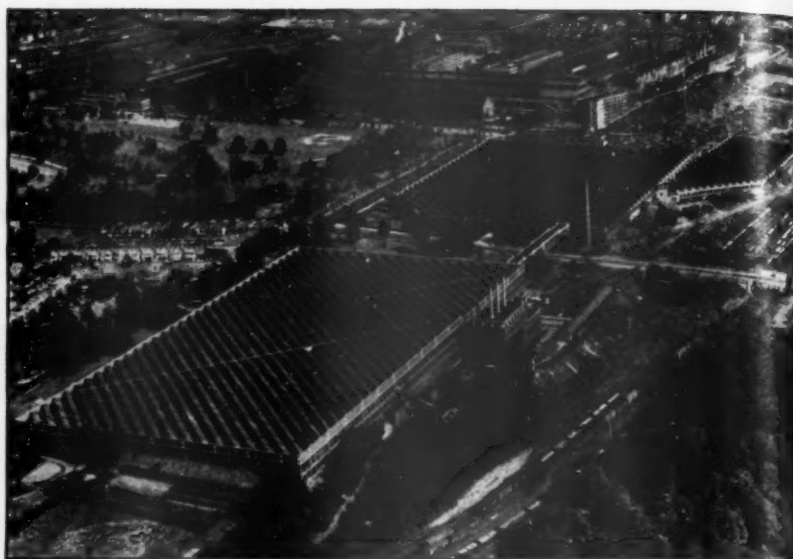
When plasticized by this simple device the normally hard Elliott Plastikote Address Cards can be typewriter stencilled just as easily as the soft stencils used in stencil duplicators.

But a few moments after stencilling, an Elliott Plastikote Address Card becomes so hard that whatever has been stencilled in it can be compared for permanence with what is written in soft cement. Thus the durability that is required for addressing machine address plates has been achieved and thousands of addressing machine users are now discarding metal address plates and noisy metal embossing machines.



An interesting book, describing this and other Elliott inventions, is yours if you will ask for it on your business letterhead.

The Elliott Addressing Machine Co.
151 Albany Street Cambridge, Mass.



Recalled to life—Atwater Kent plant, where Bendix will make airplanes.

reach 19,000 in two years. Camden's relief costs dropped from \$945,227 in the first 10 months of 1939, to \$567,810 in the same months of 1940.

• **Housing Projects**—The armament program has brought Camden housing troubles, too. A 500-homes project for defense workers has been announced by the federal government for Audubon (four miles from Camden). Another involving expenditures of \$1,409,000 in North Camden was cleared by Washington after members of the Camden Housing Authority resigned following charges of speculation by insiders. Independents are doing their bit, too.

If things like that keep up, the folks who have been singing Philadelphia's swan song will have to swing it.

Engines Missing

Plane schedule has left the builders of motors behind but new capacity will enable them to catch up in 1942.

No matter what we do about it the airplane engine bottleneck will be worse before it is better. Right now, it isn't so bad because large-scale airplane production hasn't really started, but it won't be long before the pickup in air frames far outruns the flow of power units, including propellers. During the first half of 1941 one of the big problems will be getting airplanes away from factories. Some will be flown away and their engines and propellers pulled out and returned for other planes. Others will just be added to the engineless "glider lines" in factory backyards.

• **Why They're Behind**—Most reliable

estimates indicate that airplane output will hit the 1,000-a-month mark in February and rise to 1,500 in May, to 2,000 in August, to nearly 2,400 by the end of the year. Since the engine requirement averages about two power plants for each plane, the present production of some 2,000 engines a month would be adequate for the first quarter's plane production if we were not sending large numbers of engines to the British. But we are and we will be a lot worse off when plane production reaches 1,500 and 2,000 because engine production will remain much more nearly constant until the new factories begin to roll engines off the line, and we will continue to send engines abroad. We can't expect much relief until some time in 1942.

Pratt & Whitney, Wright, and the Allison division of General Motors, which must build the lion's share of the present 80,000 engine allotment for the next two years, with whatever help they can get from the automotive industry and others, are increasing their outputs as rapidly as possible. Each of the first two have passed 1,000,000 hp. per month and the third is just reaching 400,000 hp. per month. At present Allison, with Cadillac as subcontractor, is supplying enough liquid-cooled engines for the Curtiss-Wright and Bell single-engined interceptor fighters, but as production rates on these increase and the output of Lockheed P-38 twin-engined pursuit planes starts rolling, we may hear more about this bottleneck.

• **New Capacity Coming**—But by fall, the new \$42,000,000 Wright plant at Lockland, Ohio, should begin to turn out an air-cooled engine and the automobile makers should start to do their bit in engine production. Packard and Ford are well along on their engine jobs,

OPEN THE

PRODUCTION

THROTTLE



By

1. RELEASING PRODUCTIVE
FLOOR SPACE;

2. FASTER HANDLING OF PARTS IN WORK; 3. TOOL CONTROL AND PROTECTION

● This year, in aviation alone, Lyon has helped more than 30 concerns step up output with the above 1-2-3 simple inexpensive formula. One aircraft executive wrote to a production executive of another aircraft concern about Lyon Service and said:

"The Surveys of the Lyon engineering organization have been of great assistance to us. Their findings relative to floor space savings, reduction of fire hazards, and faster movement of materials throughout

our plant have been particularly valuable."

The results Lyon Surveys and Lyon Equipment have produced for aircraft manufacturers are being duplicated for practically every industry in America. Lyon Steel Shelving, Tool Room and Shop Equipment make possible efficiencies and economies that will surprise you. These improvements are IMMEDIATELY available, to you from stock at our two plants and strategically located warehouses.

LYON METAL PRODUCTS, INCORPORATED

General Offices: 1001 Madison Avenue, Aurora, Illinois
District and Sales Offices in all Major Cities

LYON

STORAGE EQUIPMENT

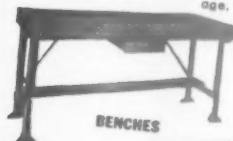
Service



CABINETS. Modern streamlined "Steel-art" design. Suitable for finest executive offices.



FOLDING CHAIR. For sales conferences and employee meetings. Comfortable. Sturdy. Fold compactly for storage.



BENCHES



ASSEMBLER'S BENCH BIN. Speeds assembly — requires only 16" x 9" bench space (Patent Applied for).



BENCH LEGS. For steel or wood tops — riveted and welded.



SHOP ROBE. Low cost portable clothes storage. (Patent No. 2202427 — May 28, 1940).



BAR RACK. Safe, accessible storage for bars, rods, etc.

GOOD BUSINESS NEWS

OPEN ACCOUNT FINANCING ELIMINATES MONTHS OF DELAY

*Study Shows Receivables Most Satisfactory
Source of Working Capital*

A review of the methods of financing used over five years led C. J. BEEKMAN*, treasurer of the INTERSTATE CORPORATION*, to rely mainly on Commercial Credit Company's OPEN ACCOUNT service for current financing.

In a statement of interest to fiscal officers, Mr. Beekman says: "With respect to the time factor in arranging for financing, it is important to note that one source of current financing required about sixty days to consummate. Another required between three and four months. This involved registration with the S.E.C., and all the problems incident to the floating of securities for sale to the public.

"Against these two experiences is the one in which we called in Commercial Credit Company to arrange for current financing. This was consummated in about two weeks.

"There is little doubt but that the question of time necessary to arrange proper financing plays a vital part in business . . . Commercial Credit Company is to be complimented on its ability to make a practical survey of the needs of a business and arrive at a practical working arrangement with respect to its financial requirements."

Our resources, available for capital loans or current financing, include \$63,000,000 of capital and \$30,000,000 of long-time money. We provide cash against inventory or receivables, in any needed amount, at a fixed rate over a specified period. The only limit is the amount of actual business you can do. If interested in getting further information, write for "CAPITAL at WORK", and "COMPARATIVE COSTS OF FINANCING". Address Dept. BW.

**A fictitious name but the facts and figures taken from our files can be verified.*

COMMERCIAL CREDIT COMPANY

"Non-Notification" Open Account Financing

BALTIMORE

BOSTON NEW YORK CHICAGO SAN FRANCISCO LOS ANGELES PORTLAND, ORE.

CAPITAL AND SURPLUS MORE THAN \$60,000,000

and Buick and Studebaker are just getting underway. The War Department contract with Studebaker for \$33,657,580 worth of engines will probably involve Wright Cyclones in the higher horsepower range. Present plans call for both complete engines and parts built by Studebaker for assembly in a portion of Wright's Lockland plant, and in Studebaker plants totaling \$37,000,000 at South Bend, Fort Wayne and Chicago, although no official announcement has been made.

• **Change of Policy**—The War Department has announced that a \$6,954,735 plant would be built by Otis Elevator Co. at Harrison, N. J., for the manufacture of Wright engine crankcases. The use by Wright of parts made by other manufacturers constitutes a marked change in company policy, which, prior to the present defense expansion, dictated that as many parts as practicable be built in the parent factory or in closely affiliated plants. This was directly opposed to the philosophy of Pratt & Whitney, which has always gone in for extensive subcontracting and is now "farming out" more than 50% of the parts for its engines.

Both methods have advantages. The large self-contained plant represents a bigger nucleus from which to start an expansion, providing suitable subcontractors can be developed. The comparatively small assembly plant with its already educated subcontractors tends to spread expansion load more evenly.

• **Job for Buick**—Next Pratt & Whitney automotive license will probably be Buick which has just organized an aviation engine division and has made wholesale promotions among key personnel to release executives and technicians to operate it. A \$24,000,000 plant at Grand Blanc Township, Mich., is under discussion. The product under consideration is the Pratt & Whitney 1830 double-row Wasp which Ford plans to manufacture under the liberal license arrangement of \$1 per engine, expected basis for the Buick license. It is unlikely that Buick or Studebaker will come into the picture as primary manufacturers before the middle of 1942, but Packard and Ford may be tooled up and ready to go by the fall of this year.

• **More Propellers**—Propeller manufacturing capacity is being stepped up overnight by Curtiss and Hamilton Standard. The former passed the 1,000,000 sq. ft. mark with the acquisition of the old Marmon automobile plant at Indianapolis and is now further expanding its recently completed unit at Caldwell, N. J. Other divisions are at Pittsburgh and Clifton, N. J. Hamilton Standard reached 315,000 sq. ft. at East Hartford, Conn., and then added 200,000 more at Pawcatuck, Conn. When all these facilities are going this company's production will be four times as great as in early 1939.

Autos to Planes

Bomber program will start with sub-assembly contracts to automobile industry's Big 3. To work with plane makers.

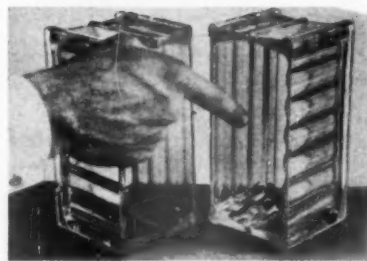
Beneath the steamy cloud of rumor that rises from Washington, Detroit, and the California aviation centers, the Knudsen plan for automobile-aircraft industry cooperation in bomber production is now boiling down to something pretty specific.

• **First the Big 3**—As anticipated (BW—Jan. 4 '41, p. 7) and as might have been expected, reduction of the broad scheme to brass tacks starts with definite assignments to the three biggest car makers—Chrysler, Ford, and General Motors. Chrysler is going to make sub-assembly parts for Glenn L. Martin's B-26 medium bombers; Ford will do the same kind of job for Douglas and Consolidated bombers; General Motors will work on North American's B-25 bomber. And they are more likely to start small than to bite off too large a chunk at the beginning.

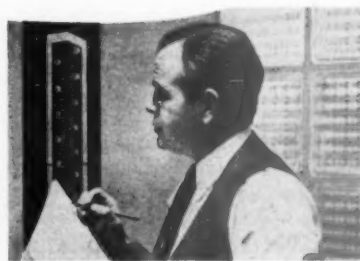
K. T. Keller, president of Chrysler, diplomatically sums up the outlook like this: "Any idea that the automobile industry can revolutionize aircraft production procedure is the bunk, but after we have learned what the airplane people have found out by many years of practical experience, the automobile industry may improve and speed up manufacturing methods." One move expected of the auto makers is the breaking down of plane jobs into simpler elements.

• **Chrysler's Plans**—The general scheme of the tieups is indicated by what has been done by Chrysler, which seems to be furthest ahead in its planning. For the plane assignment, President Keller has leased 600,000 sq. ft. of space at Detroit's closed Graham-Page plant and is moving machinery there from Chrysler plants with the expectation that tooling for these machines will be let in about two months, production start in the summer. Some of the corporation's best managerial talent has already been put on the Martin job and some Martin people will be brought into the plant. At the start, only about 1,000 workers will be employed on the specific task of making sub-assembly parts for the Martin bomber fuselage. Other men will be added as production gets swinging and more jobs are taken on. Other suppliers will be brought into the picture from the beginning, as Chrysler will subcontract a good deal of the work.

• **G. M. Program**—General Motors is working out a similar program for parts production on the B-25 bomber of North American Aviation Corp., a



THE DEAD-AIR SPACE in each PC Glass Block effectively retards passage of heat. Yet daylight floods freely through the translucent glass. Thus, glass blocks allow the use of large glass areas for daylighting, without sacrifice of adequate insulation.



CONSTANT TEMPERATURE IS VITAL in many industrial plants, especially where processes demand exact control and where precision instruments are used. In many such plants, glass blocks have proved a valuable aid to uniformity of production.



MAINTENANCE COSTS ARE LOWER when glass blocks are used. There is no sash to need repair or replacement. The whole panel is glass and cement—highly resistant to acid moisture. And big panels are easily cleaned with a cloth, or a brush.

ARE insulation, daylighting, temperature and humidity control or maintenance costs problems in your plant? Then there is excellent possibility that PC Glass Blocks can help you cut plant operation costs and help you improve the uniformity of your finished product.

These are good dollars and cents reasons why you should get the facts about glass block construction. There's no obligation involved in getting this information. So write for a copy of our big, free book that tells what glass blocks can do for you. Full of facts and pictures that show how they have been successfully used in many types of plants. Mail the coupon below for your free copy.

"PITTSBURGH" stands for Quality Glass



GLASS BLOCKS

Manufactured by
PITTSBURGH CORNING CORPORATION
Distributed by
PITTSBURGH PLATE GLASS COMPANY
and by *W.P. Fuller & Co. on the Pacific Coast*

Pittsburgh Corning Corporation,
2041-1 Grant Bldg., Pittsburgh, Pa.

Please send me your free, illustrated book that tells how to use PC Glass Blocks:
☐ for factories; ☐ for commercial and public buildings; ☐ for homes.

Name _____

Address _____

City _____ State _____



Ford Motor Co. President Edsel Ford and Production Manager C. E. Sorensen (right), discuss a partnership arrangement with Donald Douglas.

company which, incidentally, it controls through stock ownership. Definite details on its plans have been held up but it is understood that the bomber jobs will be distributed among existing G.M. plants and that the corporation will rely largely on its own resources in handling the contract.

• **Edsel Ford Investigates**—Ford is now engaged in investigation work on the Consolidated and Douglas bombers with engineers following up Edsel Ford's highly publicized trip to the Coast, during which he spoke of putting up a new plant to handle the plane assignment. There is a persistent report that Ford is chiefly interested in bringing out a complete plane all on its own.

Obviously this close adherence of the plane-auto program to ordinary commercial methods sidetracks the recommendations of Walter P. Reuther, United Automobile Workers Union leader, that the industry be organized for airplane production as if it were one firm under a central committee to allocate work.

Army's Washing

Private laundryowners are eager enough to participate in defense, but not at 34¢ a week per man—or anything like it.

To laundryowners who have been anxious to participate in national defense, the price of patriotism now appears rather steep. The Army wants to buy laundry service for trainees; commercial laundries would like to provide this service. But between buyer and

seller several barriers loom so high that substantial compromises must be effected before the two can possibly get together.

• **Up to the Private Owners**—Until recently, it was believed that government-operated laundries would be established at all major training areas to handle the personal laundry for trainees. A few weeks ago, however, word was sent out from the Quartermaster Corps that, if commercial laundries located within 100 miles of the various training camps showed sufficient interest in furnishing service, the laundry-building program would be postponed indefinitely. Laundryowners were asked for tentative bids to be submitted individually or from representatives of pools of independent laundries.

Accustomed to estimating their production costs and selling prices on either the pound or piece basis, laundryowners asked: How many shirts will each trainee be allowed per week in his laundry bundle? How many shorts, sheets, and blankets? Such questions, replied the Army, can best be answered by the individual trainee; under the present regulations there is no limit set on the number of soiled garments an enlisted man may stuff into his barracks bag each week.

• **A Flat Deduction**—A flat-rate sum is deducted from the pay of each enlisted man who has elected to send his weekly washables to the post laundry, regardless of whether he sends a big bagful or a half-size portion.

At this point a goodly number of laundryowners lost all interest, but others, envisioning the excitement of a wild sort of guessing game, submitted tentative bids on a per-man, per-month basis, together with an estimate of the

number of bundles that each plant or group could handle.

• **Not Interested at 34¢**—If the Quartermaster General ever had hopes of buying commercial laundry service at or near the price which enlisted men are now paying the Army—\$1.50 per month or about 34¢ per week—he has by this time been completely disillusioned; it is understood that bids from the majority of laundries ranged from \$3 to \$5.50.

It should be remembered, however, that at no time have spokesmen from the Quartermaster department ever pretended that army post laundries were not losing money on the \$1.50 per month laundry deal offered. Officers get no such flat-rate deal; for them post laundries maintain a price list which is not much lower than commercial laundries in the same areas.

One group of laundries in New England has offered to launder a bundle containing 25 pieces for 65¢, with a reasonable limit on the number of shirts and slacks. In other areas, extremely low list prices have been offered to trainees provided all bundles are handled through their post exchanges in order to eliminate some of the collection and delivery expenses.

COLD STORAGE FOR ARMY

That an army trains, as well as marches, on its stomach was officially confirmed last week when the War Department announced that giant cold-storage facilities would be constructed at 46 Army camps and posts throughout the country. Although most camps will have only one of the standardized concrete units, six camps will have as many as three.

One unit will be large enough to provide properly refrigerated storage space for perishable food to supply 12,500 men for four days, or enough, says the War Department, to provide meat, fresh vegetables, butter, and such items for the population of a city the size of Daytona Beach, Fla., Cairo, Ill., Burbank, Calif., or Atchison, Kan.

ANTI-SABOTAGE SCHOOL



Such mysteries as the chemistry of arson will be revealed to Twin City watchmen and building engineers when a free school, whose curriculum consists of lectures and demonstrations on sabotage detection and prevention and the operation and inspection of fire-fighting equipment, sprinklers, and alarms, opens in St. Paul for three days next week.

Sponsored by the State Fire Marshal and the St. Paul and South St. Paul fire departments, the project has the cooperation of the FBI, police, University of Minnesota, fire prevention officials and fire underwriters groups.

The hardest-working trucks in America!

On more jobs today than any other truck! More Fords have been *built* and *bought* than trucks of any other make. And more Fords are *in use*, by actual registration! You'll find Fords in nearly all of the nation's biggest fleets. In fact, *one third of all the trucks in the country* are FORDS! . . . There must be sound business reasons for figures like those. There are! Low price. Low operating and maintenance costs. Long life. Wide range of body and chassis types which meet more than 90% of all haulage needs. Give the Ford an "On-the-Job" test on *your* job. No obligation. Phone any Ford Dealer.

FORD MOTOR COMPANY, builders of Ford V-8 and Mercury Cars, Ford Trucks, Commercial Cars, Station Wagons and Transit Buses.



**FORD
TRUCKS**
AND COMMERCIAL CARS

Aqualized Towels

(An exclusive wet strength process)



AQUALIZED towels stay strong, whole, efficient in use. They do Double Duty because one wipes dry! Thus fewer towels are used . . . washroom costs are reduced.

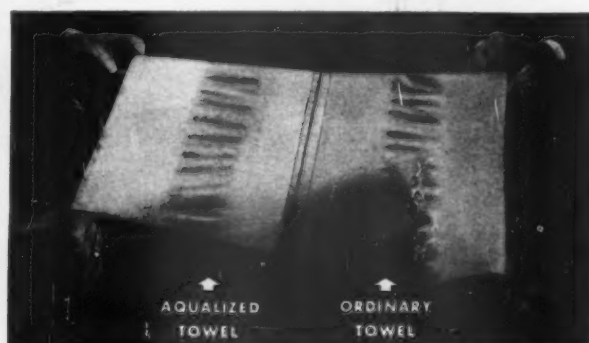
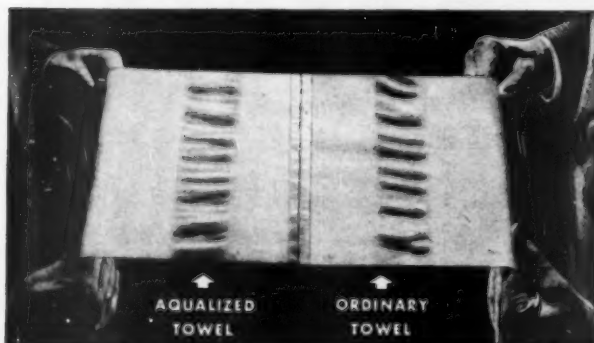


ORDINARY towels often tear and shred when wet. Extra towels are needed to dry hands.

HERE'S A TEST YOU CAN MAKE IN YOUR WASHROOM:

WASHROOM TEST. Attach an Aqualized towel to a competitive towel with gummed tape. Wet a strip across each towel. Then pull evenly.

RESULTS SHOW Aqualized towel still intact, the other towel pulled apart . . . proving Aqualized towels to be superior in wet strength.



do DOUBLE DUTY because they're Twice as Strong!



Yes, actually *twice* as strong when wet as the *next strongest* brand and *four times* as strong as the *average* paper towel!

These are the facts disclosed by impartial tests conducted by independent testing laboratories.

As a result, Aqualized towels remain strong, useable even when wet. Ordinary towels often tear, shred and fuzz. Thus one Aqualized towel wipes dry . . . while several ordinary towels may be required to dry the hands thoroughly. Consider the saving in towels used! The secret of this amazing wet strength is the exclusive

Aqualized Process of manufacture, developed by Brown Company and used solely in Aqualized towels.

You will find Aqualized towels super-absorbent! They drink up water fast. Hands are completely dry in record time. What's more, Aqualized towels are doubly soft! Their fine smooth texture makes using them a treat.

Aqualized towels are made from Brown Company's specialized White Husky Cellate and Northern Spruce sulphate pulps . . . exclusive celluloses that are available to no other brand. Just try these amazing towels once, and your next order will specify Aqualized towels!

PROVEN BY LABORATORY TESTS

Impartial laboratory tests of the wet strength of paper towels show Nibroc Aqualized towels to be twice as strong as the next brand . . . four times as strong as the average for the ten leading brands tested.

LEADING PAPER TOWELS	POUNDS REQUIRED TO TEAR
Nibroc Aqualized Towels.....	26.8
BRAND B	11.5
BRAND C	10.7
BRAND D	10.2
BRAND E	9.4
BRAND F	8.3
BRAND G	7.0
BRAND H	4.7
BRAND I	4.4
BRAND J	4.1
BRAND K	3.1

TESTS CONDUCTED BY BETTER FABRICS
TESTING BUREAU, INC., NEW YORK, N. Y.

FIRST CHOICE OF PAPER TOWEL EXPERTS

Three times as many paper merchants sell Aqualized towels as sell any other brand. These men are experts on paper towel quality. Try Aqualized towels in your own washroom. You'll prefer them too! For samples and name of local distributor write Brown Company, 500 Fifth Ave., New York, N. Y.



ORCO. TRADE MARK

WHAT CAN YOU DO TO HELP EMPLOYEES WHO NEED LOANS?

PRODUCTION suffers when debt worries lower the morale of a good employee. It's important to you, as well as to him, that he be able to borrow for emergencies. From the company? That's one solution to the problem of employee loans. But many companies have neither the experience nor the resources to make personal loans on a broad scale. In some plants, the employees, often with the help of a company executive, operate their own credit unions.

Why we have Small Loan Laws

But there are literally millions of workers to whom neither of these loan sources is available. These men and women must borrow elsewhere. That is the reason for the Small Loan Laws passed by most industrial states. These laws make possible the operation of the modern family finance company like Household Finance.

How workers can borrow

At Household Finance working men and women can borrow \$20 to \$300 without endorsers or bankable security. No wage assignment is taken. The simple transaction is regulated by law in the interest of the borrower. A monthly installment plan helps the borrower to repay out of income and without strain.

The table below shows some typical loans and payment plans. The borrower may choose the payment plan which best fits his own needs and income. Installments include charges at the rate of 2 1/4% per month (less in many territories). These charges are substantially below the maximum allowed by the Small Loan Laws of most states.

WHAT BORROWER GETS

	WHAT BORROWER REPAYS MONTHLY				
	2 payments	6 payments	12 payments	16 payments	20 payments
\$ 20	\$ 10.38	\$ 3.63	\$ 1.95		
50	25.94	9.08	4.87		
100	51.88	18.15	9.75	\$ 7.66	\$ 6.41
150	77.82	27.23	14.62	11.49	9.62
200	103.77	36.31	19.50	15.32	12.83
250	129.71	45.39	24.37	19.15	16.04
300	155.65	54.46	29.25	22.98	19.24

Above payments figured at 2 1/4% per month and based on prompt payment are in effect in Maryland and several other states. Due to local conditions, rates elsewhere vary slightly.

We believe that families should avoid unnecessary borrowing. Better management of family funds alone can solve many money problems. Through personal contact and practical booklets on buying and budgeting, our staff of home economists strives to make consumers wiser managers and better buyers. Many schools use these Household publications as texts.

If you employ or supervise men, you are invited to send the coupon for further information. You will be under no obligation.

HOUSEHOLD FINANCE Corporation

Headquarters: 919 N. Michigan Ave., Chicago

One of America's leading family finance organizations, with 282 branches in 184 cities

HOUSEHOLD FINANCE CORPORATION, Dept. BW-1
919 N. Michigan Ave., Chicago, Ill.

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MARKETING

Advertising Up 8%

Leading magazines average 9% gain in 1940, and newspapers about 2%, while big radio nets set an all-time high.

Third week of every January complete figures become available on national advertising expenditures in the preceding year, and trend-seekers have a field day. But this week their fun was limited: the 1940 figures show nothing new, just a projection of what happened in 1939.

Again, advertising expenditures failed to improve as rapidly as business in general. Business Week's Index averaged 15.7% higher in 1940 than in 1939; and against this, advertising is estimated (there are complete figures, of course, only for national media) to have been up not more than 8%.

• **Schedules Set in Advance**—But the discrepancy was expected (BW—Jan. 20 '40, p. 38). Because big advertisers set their schedules far in advance, and many base their expenditures on the preceding year's business, advertising has a way of lagging behind either boom or recession.

What's more, much of the current war-inspired advance is still limited to the heavy-goods industries. As industrial wages are further translated into increased consumer purchasing power, advertising is likely to make up ground. • **A New Radio High**—Radio again led the way for the major national media. Joint billings for the three cross-country networks were up 16% to \$96,455,611—an all-time high. National Broadcasting Company, whose two webs give it dominance, had total sales of \$50,663,000, up 12%.

Columbia's single network was up 19% to \$41,025,549, which gave it more revenue than any other single advertising medium in the world. Mutual scored the biggest increase, 43%, to bring its take to \$4,767,062.

• **Star Performers**—Leading national magazines average a gain of about 9%, much of which was accounted for by increases in rates rather than increases in number of advertising pages. The weeklies as a class were the star performers, maintaining the 18% rate of improvement that they set in 1939. On the other hand, general monthlies just about held what they had, and women's magazines were up only 3%. Most farm papers and specials did well.

Individually, Life had the most spec-



MOTOR BOAT SHOW

Bathing beauties help boat builders vend their varied products—outboards, inboards, sailboats, power yachts—at the National Motor Boat Show, which closes an eight-day run at Grand Central Palace, New York,

tonight. Because of possible defense needs no official of the sponsoring National Association of Engine & Boat Manufacturers is even willing to guess how many new units will be added in 1941 to the estimated 1,000,000 recreational craft now plying inland and coastal waters of the U.S.

Ships and Shoes and Better Chop Suey

You don't have to be Chinese to appreciate the extra taste and flavor Carrier Air Conditioning imparts to Chop Suey. Carrier low-temperature equipment keeps ingredients fresh the year 'round. Carrier control helps make many products better at lower cost.



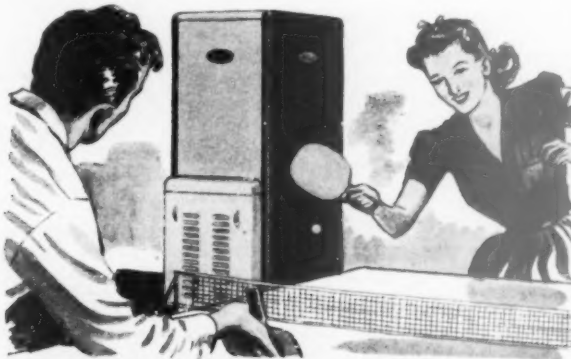
No Stops in Mid-Ocean—one reason why more ships install Carrier Equipment than any other make. There's a lesson here for land-lubbers too, who need the same kind of dependability in air conditioning or refrigeration for stores, buildings, factories, theatres, offices or homes.



It's a Pleasure to shop in an air conditioned store . . . to work there . . . to own one. For the Carrier Self-Contained Weathermaker which fits air conditioning to store requirements as a shoe is fitted to your foot, keeps costs down, clerks cheerful and customers in a buying mood.



Cold Turkey—proved performance—makes Carrier a leader in refrigeration for cold storage lockers like this, for trucks, corner store or industry. World-famed are Carrier Centrifugals, Cold Diffusers and Compressors which provide low-cost, dependable service everywhere.



.. and a more comfortable YOU. At home too, switch on the weather you want. Have personalized comfort with the Carrier Home Weathermaker . . . automatic heating and air conditioning with oil, coal or gas, from a single handsome, moderately priced unit. For every size home.

Air Conditioning's *First Name*—

Dr. Willis H. Carrier "invented" air conditioning. Thanks to controls and techniques developed by him and his associates, air conditioning has opened a new world for you in the comforts you enjoy, the things you eat and wear, the way you live and work.



See your Classified Phone Book for the Carrier Representative or mail this coupon

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"Weather Makers to the World"
(In Canada: 30 Bloor St. West, Toronto, Ont.)

Send me literature on Carrier Equipment for:

☐ Office ☐ Factory ☐ Store ☐ Home

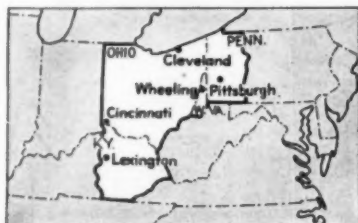
Name

Address

City State

The Regional Market Outlook

CLEVELAND—Expansion of industry for defense here—more than in most Reserve districts—takes the form of new steel, machinery, and power facilities rather than direct armament factories. Privately-financed projects include National Steel's 240,000-ton increase in open-hearth capacity at Weirton, W. Va., Ohio Edison's \$3,600,000 power development at Akron, plant additions by Warner & Swasey (machine tools) and Thompson Products (engine parts) here.



73,424 sq. mi. pop. 11,783,897

RICHMOND—National defense continues to stimulate trade in this Reserve district. Newport News Shipbuilding is constructing ways at Wilmington, N. C., to turn out 24 vessels for the President's new 200 ship program (page 15); this will employ 4,000 men; and it is rumored that 50 vessels will be built by Bethlehem at Baltimore. Triton Chemical is constructing a TNT plant near Clifton Forge, Va., to employ 1,000 persons.

These, together with new defense plants at Radford and Hampton Roads, Va., South Charleston and Morgantown, W. Va., and at Baltimore, will lift employment in northern sections of this area. Unlike the nation as a whole, the number of factory workers in all parts of the district is already at record levels.

In southern Virginia and the Carolinas, where hitherto consumer-goods industrialization has been more rapid, payroll increases from now on are not apt to be as great as in the North. Moreover,

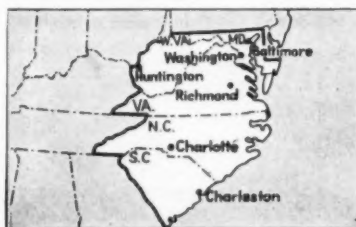
Recent government contracts awards include a naval ordnance plant to be built at Canton by Westinghouse (2,000 workers); Curtiss-Wright's \$11,000,000 air-frame factory at Columbus and a \$9,000,000 propeller works at Pittsburgh; Ohio Crankshaft's new \$4,000,000 plant (1,000 workers), and an \$8,400,000 aircraft engine laboratory, both in this city.

The peak of defense business is still to be reached in this area. Steel mills will be called upon to produce shells when the need arises; right now, powder supplies are not abundant, and major government orders for projectiles probably will wait until the powder mills now being built get into production.

Total 1941 construction in this city may reach \$100,000,000, of which \$75,000,000 will be industrial building. This, of course, means new jobs, and together with existing tendencies for wage levels to rise and hours of work to lengthen, augurs well for retail sales locally.

a decline in the value of the tobacco crop of some 25%, or \$30,000,000, was only partly offset by a 30% increase in cotton production and receipts, amounting to about \$20,000,000.

A new \$8,500,000 Statler Hotel is to be built in Washington. This indicates the turbulent activity in that city resulting from the addition of the defense program to former government functions, regular and emergency, which had already grown to peak proportions.



152,316 sq. mi. pop. 12,303,392

TWIN CITIES—Of all Reserve districts, business here has gained least from the defense boom. Heavy industries—first in the line of stimulus—are not predominant economically. Although a new naval ordnance plant outside Minneapolis is to begin operations, and at Duluth two coast guard cutters are to be built, major armament contracts have been few and far between.

Nevertheless, trade prospects are improving, principally because of farm in-

come. Although the seasonal low for marketings is approaching, finished cattle and sheep and lambs currently are moving from the feedlots into the packing centers as prices push into higher ground. With storage supplies shrinking fast, butter prices are holding up, too. Grain farmers are still keeping wheat in bins and under loan because quotations on the exchanges are not yet tempting. Continued normal rainfall is a promising sign for spring planting.

Miners in Iron Range towns are living on hopes for a big season next summer. A new record in shipments is likely. Meanwhile, underground mines in the Mesabi area and on the Wisconsin-Michigan border are producing for stockpiles.

Minnesota manufacturing employment is the highest in a decade. Not only have the few heavy-goods factories speeded up, but meat packing, flour milling, linseed oil, and lumbering have benefited from improved national business.



414,004 sq. mi. pop. 5,518,626

tacular increase, a gain of 846 pages for a revenue jump of 60% to \$18,500,000. That puts Life well ahead of Collier's (\$13,500,000), but still some distance behind the Saturday Evening Post, which gained 9% to \$27,500,000.

• **Number of Pages**—Likewise, as is its custom, the Post paced the field in the test applied by many spacebuyers—number of advertising pages. In all, ten magazines went over the 1,000-page mark: Saturday Evening Post, 2,797; Time, 2,546; Life, 2,503; New Yorker, 2,317; Collier's, 1,727; Business Week, 1,511; Mademoiselle, 1,453; Vogue, 1,330; Newsweek, 1,255; Good Housekeeping, 1,089. Only one of these leaders that lost was Good Housekeeping, off 3%. And the only newcomers to the list were Mademoiselle, which got there by way of a spectacular gain of 135%, and Newsweek, which gained 45%.

Newspapers showed to poorest advantage, with an estimated gain of little more than 2%. They were up about that much in 1939, too, but they have much to catch up, for they lost 24% in 1938 and nearly 3% in 1937.

Excess Grocers?

Department of Agriculture advocates public utility policy in food field to put an end to duplication in distribution.

The high cost of distribution is the oldest and most fundamental complaint of the many factions that make up the so-called consumer movement. It is also a perpetual worry to the U. S. Department of Agriculture, which has the job of seeing that the farmer gets a fair share of every dollar the American consumer pays for food.

Of recent years, the department's worries have increased. The farmer's return from the consumer's food dollar has dropped from 55% in 1913-17 to a meager 40% in 1938. At the same time, the number of grocery stores in the U. S. has increased from 160,000 in 1900 to 355,000 in 1935, while population per store has decreased in this same period from 486 to 358. The department's conclusions: Too many grocery stores, and too many creameries, canneries, and grain elevators. This is presented by two ranking researchers of the Bureau of Agricultural Economics in the department's 1940 Yearbook of Agriculture. Basically, the means by which they believe excess distribution facilities might be eliminated is the application of the public utility system to food distribution.

By the authors' own admission, anything of this sort is a long way off, which makes the discussion pretty academic. Significantly, the report com-

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Entirely different, new formula coated papers providing all the beauty of costly printing paper at the price of ordinary paper.

■ Rewarding our more than sixty-eight years of constant research and experimentation; climaxing our many important contributions to printing art and advertising, Kimberly-Clark Corporation has perfected and now makes available a sensational new-type coated paper that allows printing results formerly obtained only with high-cost paper.

What does this new-type paper mean to you? Just this: IF YOU HAVE BEEN BUYING HIGHEST QUALITY PRINTING, you now can buy *more* printing at the *same price* by specifying Trufect*, Kimfect or Multifect*!

IF YOU HAVE A SMALL PRINTING BUDGET which has limited you to cheap-appearing catalogs,

circulars and brochures, you now can afford to step-up to quality paper *at little, if any, extra cost!*

What is this new-type paper like? Just visualize the smoothest, cleanest, richest appearing printing paper you ever saw — that's Trufect, Kimfect and Multifect — a grade to fit your needs and your budget.

Seeing is believing — Ask your printer or paper merchant to show you samples of this unique paper, or write Kimberly-Clark for proofs of *printed results* heretofore obtainable only with high-cost printing papers. You'll agree, these new-type papers do most for the money! They are available through your paper merchant. If you prefer, inquire direct.

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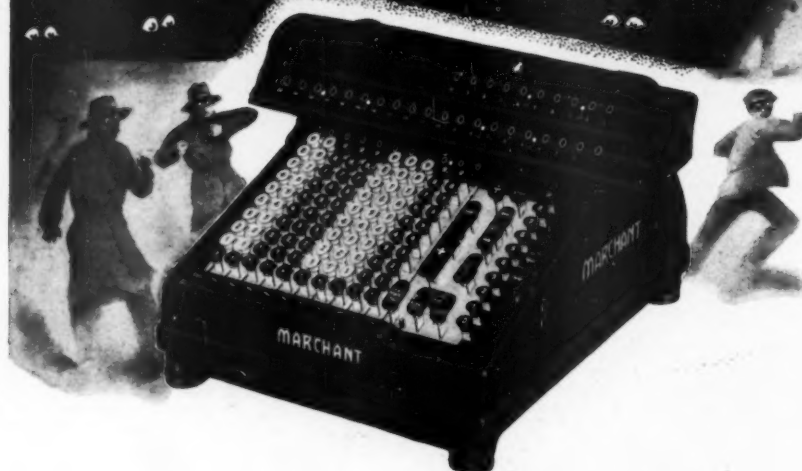
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MARCHANT eliminates the "hidden figure" menace once and for all by providing a true-figure dial for the key-board entry. At a glance, the operator gets a visible

straight-line check of all three factors
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MARCHANT'S Dials for All 3 Factors would alone merit your standardizing on this super-calculator! Yet this exclusive feature is just one of the many outstanding MARCHANT advantages.

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mends the price advantages which have come the way of the consumer and farmer in the wake of the chains and supermarkets, and raps state chain-store taxes, trade practice acts, and resale price maintenance legislation. A. C. Hoffman, co-author of the article, has also prepared a monograph generally commendatory to the food chains for publication under auspices of TNEC.

• **Duplication Is Attacked**—The report does not criticize the profits of such big food distributors as the grocery chains, and, surprisingly, also gives a clean bill to the dairy companies and meat packers. But it comes down hard on duplication of distribution facilities (commending the chains' integration of marketing functions). It deplores the presence in the distribution set-up of marginal plants operating at less than capacity. For example, the authors claim B.A.E. studies show that savings approximating 2% or 3% of the price of perishables are possible within the terminal wholesale market. As an argument for application of the public utility principle to food handling, they point to Milwaukee, Wis., where, they say, savings of over 2¢ per quart have been achieved through a unified, non-competitive system of milk distribution.

Bakers Indicted

First results obtained in antitrust drive on food industry as federal jury in Philadelphia names 32 persons and 11 firms.

In Philadelphia last week quietly-working aides of Assistant Attorney General Thurman Arnold slipped off their kid gloves and aimed several body blows at principal makers of bread, from New York to Wilmington. For the first time, blood had been drawn in the nationwide antitrust drive on the food industry (BW—Dec.28'40,p17).

The haymakers, taking the form of two indictments from a federal grand jury, named 32 officials and employees of 11 baking concerns for involvement in a conspiracy to fix and control prices in the industry within New Jersey, eastern Pennsylvania, Maryland, and Delaware.

• **Dough For Bail**—R. McDonald Gray, smooth-spoken Arnold assistant who spent three months preparing the case, and another month unfolding it before the jurymen, won another inning when he persuaded U. S. District Judge George A. Welsh to fix bail of \$5,000 on each individual named in the first indictment, and \$1,000 on four in the second (three of whom were already mentioned in the first).

The indictments were the first obtained by the antitrust division of the

Attorney General's office since the announcement in November that an enforcement campaign was on to prevent unwarranted increases in food prices. The bakers were caught off guard by the rapidity with which seemingly nonchalant jury hearings brought results.

• **Combine Charged**—Specifically, the indictments read that since Aug. 1, 1936, the concerns have "been continuously engaged in wrongful and unlawful combination, and conspiracy in restraint of interstate trade in violation of the Sherman Antitrust Act."

More specifically, the bakers are charged with setting up three organizations, including the Interstate Bakers' Council, and appointing George Gotwols as secretary of the last-named to act as "pressure man" on lingering competitors. The indictment declares that Gotwols conducted meetings of bakers to up prices, and that he is alleged to have told one firm that "harassing activities" would cease if they came around to see the light.

• **Eureka Giant**—A mammoth loaf, sometimes known as Eureka, again as White Queen, and still as Giant Loaf, was attributed to the William Frehofer Co., Philadelphia, which bought it from the Frehofer Baking Co., an interlocking concern, for distribution—sometimes free—to put other bakers to rout.

The loaf was a break for the consumers, but ruined the business of several other bakers in the Atlantic City area, and caused the William Frehofer Co. considerable loss as the return on the big loaf was only 66% of its cost, the indictments assert.

• **Bobtailers Bobbed**—Other allegations refer to an incessant warfare of the combine against "bobtailers," or independent companies distributing several brands of bread; pressure, and successful, to force one firm to discontinue a larger than regulation-size loaf, and to compel another to stop the sale of a five-cent one; and a conspiracy to prevent the sale of day-old bread by having it destroyed or sold as feed for livestock (10% of a day's bread supply is said to be ordinarily carried over).

Beside the Frehofer firms, others to feel the brunt of the accusations are: Parkway Baking Co., Philadelphia; Continental Baking Co., New York; Ward Baking Co., New York; General Baking Co., New York; Fischer Baking Co., Newark; Dugan Brothers of New Jersey, Inc., Newark; Hazelton Bakeries Inc., Binghamton, N. Y.; Huber Baking Co., Wilmington, and Capital Bakers, Inc., Harrisburg.

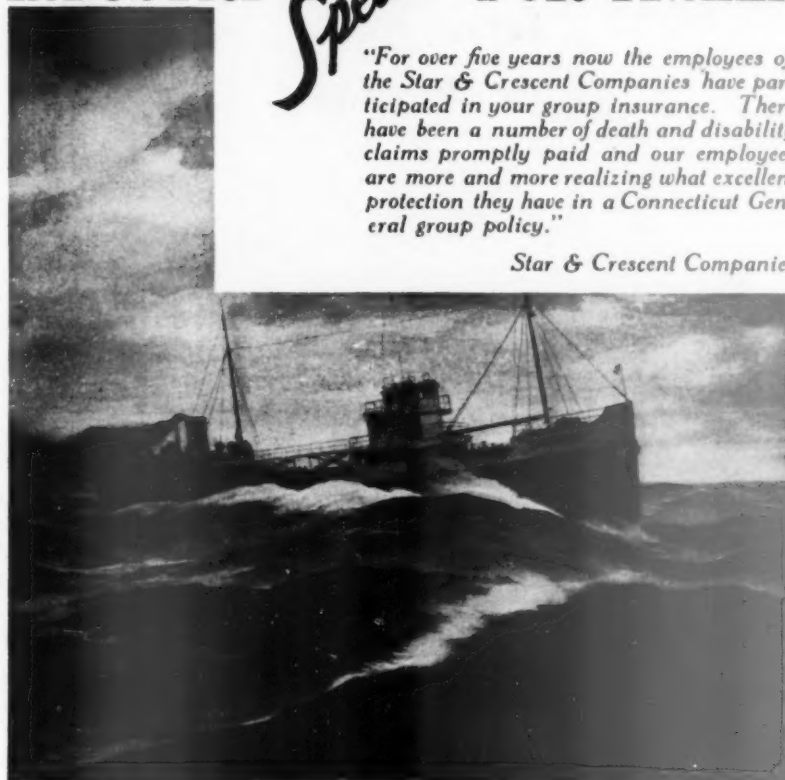
That the jury was called back to work this week was believed to be significant. Arraignment of those now indicted is not expected before June.

Meanwhile, in Denver, a food-price grand jury was getting down to work under the direction of Leo J. Tierney, antitrust division ace, who arrived there

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"For over five years now the employees of the Star & Crescent Companies have participated in your group insurance. There have been a number of death and disability claims promptly paid and our employees are more and more realizing what excellent protection they have in a Connecticut General group policy."

Star & Crescent Companies



It's a far cry from the typical industrial scene to this coastwise tanker battling her way through a high sea. Yet she and the Star and Crescent Companies that operate her are part of an important link in the great American industrial picture.

Here, too, MEN play the vital role, and the importance of their security and protection has not been forgotten by their employer . . . for Star and Crescent employees do their work secure in the knowledge that Connecticut General Group Insurance protects them and their families.

You can enable your employees to secure this same protection through Connecticut General's "Protected Pay Envelope Plan," a modern coordination of group insurance benefits, flexible enough to fit into nearly any organization picture. This plan is described in our booklet "The Protected Pay Envelope." Have your secretary write for your copy today.

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The Strathmore Watermark stands for efficiency in paper-making, for fine letterheads with impressive, expressive qualities of texture and surface. A letter on STRATHMORE BOND, or STRATHMORE WRITING, will cost less than 1% more than a letter written on the cheapest paper you might buy. And on STRATHMORE PARCHMENT, or STRATHMORE SCRIPT, as fine papers as can be made, a letter costs only 2.9% more. At so little difference in cost, such extra effectiveness is true economy.

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STRATHMORE **MAKERS
OF FINE
PAPERS**

last week. Denver reports have it that 50 subpoenas have been issued to "officials of nationally known food distributing companies."

All-Nylon Lingerie

Holeproof Hosiery Co. selling output as fast as it can get yarn. Formfit "Nylies" make news in corsetry.

First shipments of Holeproof Hosiery Co.'s new 100%-nylon tricot knit lingerie reached retail stores just in time for Christmas business. Marketed under the familiar Luxite trade mark, the line consists of three styles, in peach only. The brief retails at \$1.95, the stepin at \$2.50, and the slip at \$4.95. Prices for the small pieces are the same as for Luxite's top-quality pure-silk garments.

• **Shoppers Grabbed Them**—Several makers have previously offered nylon-mixture fabrics in women's underwear, but Holeproof believes it is first in the field with an all-nylon fabric. Retailers' experience with Luxite nylon undies parallels that with nylon hosiery. Despite relatively high price levels, shoppers snatched them as fast as they were placed on sale. The mill is increasing its output as rapidly as it can get nylon yarn.

• **Dealers Yell for More**—Luxite dealers are hounding the company for more merchandise than it can supply. The pattern of du Pont sales strategy apparently is to get nylon established as a surefire sellout for fabricators in as many industries as possible, thus leaving in second place whatever competitive material may subsequently appear. In current circumstances, the manufacturer must be grateful for whatever nylon is allotted him. While women will now go overboard for anything made of nylon, stocking-counter grumbles indicate that many of them resent the textile's diversion to new uses so long as there isn't enough to supply the terrific demand for it in stockings.

• **Laundering Ease**—Nylon undies have some substantial advantages over silk, and Holeproof claims it has yet to find a disadvantage. After almost a year of testing, no shrinkage or stretch has been detected. The garments launder easily and dry quickly, require no pressing and retain their freshness of appearance. Wash it out at night, leap into it next morning.

The garments are knit on the same machines as other Luxite goods, of 40-denier yarn, the same size as is used in some weights of hosiery. But the yarn has a different twist and finish and could not be switched over to stockings. The mill men report that finishing of the nylon fabric is more complex

than that of ordinary fabrics because it must be pre-finished.

• **Nylon Corsets, Too**—Preceding nylon lingerie came nylon lastex foundation garments, tentatively introduced last summer by a few venturesome manufacturers at the New York corset market. Most of the big outfits had them. Probably the most extensive nylon line was that of the Formfit Co. As "Nylies," it first offered two garments: a girdle, to retail at \$5, and a combination girdle-brassiere at \$7.50. Presently a panty girdle at \$5 was added. With this line, Formfit hit the jackpot.

Because Nylies are soft and boneless, they appeal especially to the younger trade of slight or average figure. Number one requirement of a corset is figure control. Nylon lastex outcontrols silk lastex or rayon lastex, say its friends, and has less weight and bulk. Like nylon hose and nylon lingerie, nylon lastex washes easily and dries quickly—a major advantage to the gal who is able to afford just one high-quality foundation.

• **Fabric Wears Well**—Thus far, Formfit claims that no user has succeeded in wearing out one of these garments, which indicates that the fabric can really take it. To women, even more astonishing is the assertion that Nylies do not acquire the wearer's shape after she has worn them for a few months. Formfit has already felt in some of its old-established lines of soft goods the inroads that Nylies are making.

When the fall season opened, the firm also had two nylon items in its higher-priced, Schiaparelli-featured line. These sell to an entirely different trade. But, within the volume limitations of the upper-bracket market, they are doing very nicely indeed.

• **In Prospect for Spring**—Formfit has not gone into the brassiere field with nylon, is not contemplating it for the immediate future. But the firm is planning to boost its number of Nylie styles to 10 or a dozen in its spring line. It is also definitely aiming to crack the mass market at that time with several garments in the lower price bracket, probably to sell for \$3.50.

SODA FOUNTAINS HIT AGAIN

A couple of years ago, Colorado restaurant men got through a bill, administered by the state health department, to compel places serving food to do so in an entirely enclosed space devoted to that purpose only. Drug stores—at which the bill was aimed—fought it clear to the Colorado Supreme Court, then complied by putting in glass partitions to wall off their food counters. Now they face the prospect of more expense, for a bill has been introduced in the new Colorado assembly to compel places serving food to have a separate entrance to the restaurant.



FIRE-KILLING PUNCH
COUNTS in those first few
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Don't lose time in those first fire-fighting seconds—you may see a small fire whip up into a roaring blaze.

Get fire-killing punch with LUX extinguishers. LUX hits fire with a blast of carbon dioxide snow-and-gas, one of the fastest known extinguishing agents.

LUX is sudden death to electrical or flammable liquid blazes—industry's two

most dangerous fire hazards.

Though it's brutal to fire, LUX gas is clean, dry, non-toxic. There is no mess, no "extinguisher damage."

LUX portables will handle most fires. For extra-tough hazards install a LUX Built-in System. "Don't Play With Fire" describes both methods. Send coupon now for free copy.

Here's the newest TRIGGER-CONTROL Fire-fighter

Aim... Shoot... Kill the fire! That's how you fight blazes with the new Kidde-LUX 4-pounder. Pistol grip and trigger-control for quick action, one-hand operation. We designed it for laboratory protection, motor trucks, and the like. Send coupon for details.



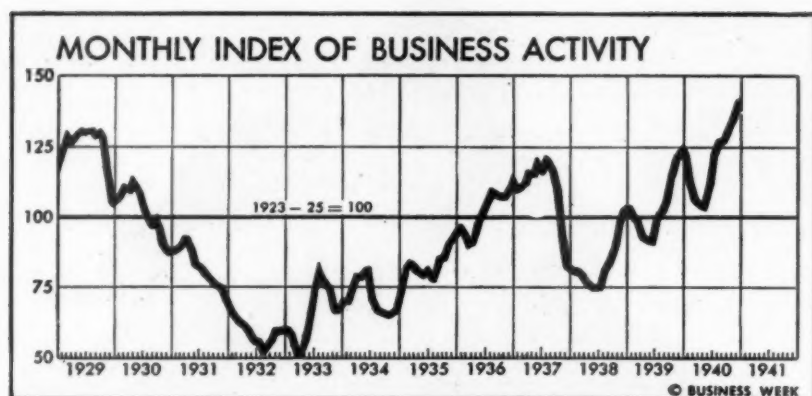
Walter Kidde & Company, Inc.
125 West Street **Bloomfield, N. J.**

Send me my copy of "Don't Play With Fire". I understand it describes the new Kidde-LUX as well as other portables and Built-in Systems.

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COMPANY _____

ADDRESS _____



Business Week's Monthly Index of Business Activity for December advanced to another new high at 141.9, compared with a revised figure of 141.4 in November, and 125.5 in December, 1939. The average index for the entire year 1940 was 123.9,

compared with 107.1 last year. The Annalist monthly index (adjusted for long-term growth) stood at 114.0 in November, compared with 112.6 (revised) in October, and was only 2.7% below the all-time high of 117.2, recorded in June, 1929.

LABOR & MANAGEMENT

Steel Bargaining

U. S., J. & L. and Crucible in huddle with S.W.O.C. on wage rates, seniority, vacations, and handling of grievances.

For almost a month now, with utmost secrecy, negotiations have been in progress between representatives of the United States Steel Corporation, Jones and Laughlin, Crucible, and the Steel Workers Organizing Committee. These meetings concern wage rates, seniority policy, vacations, and methods for handling grievances.

Directly affected by the outcome are some 219,000 employees of the three companies and 282,903 others who work under contracts between their employers and the S.W.O.C. U. S., J. & L. and Crucible account for approximately 40% of the steel industry's capacity. Decisions arrived at by the negotiators are expected to set standards which the entire industry will follow.

• **Meet on 20-Day Notice**—The present discussions arise under a provision, contained in the S.W.O.C. agreements with these three producers, which makes it possible for either the union or the company to open any question of revising contractual terms on 20-day notice. It is understood that the current negotiations were inaugurated at S.W.O.C.'s request.

Thus far, the conferees have not

agreed on new wage scales, but an increase in the basic minimum from the present \$5 per day to a probable \$5.50 is expected. Equivalent upward adjustment in hourly rates for workers receiving more than the minimum is also very likely.

• **Likely Provisions**—Other changes in personnel policy for major steel companies with union agreements are apt to include: (1) vacations with pay, (2) more stringent seniority preference in layoffs, rehiring, and promotion, and (3) simplifying and expediting the handling of grievances presented by union representatives.

Mainly "Steady"

Three strikes averted and one settled; government bears down to prevent production halt at Eaton Manufacturing Co.

Although negotiations between Ryan Aeronautical Co. and the C.I.O. continued to be an item of dominant concern this week (page 14), the pressure gage, indicating labor trouble in critical national defense industries, held at least reasonably steady. A few new trouble spots developed, but others—notably the ten-day strike at International Harvester's truck works at Fort Wayne, Ind.—were cleared up. Even more symptomatic of a developing trend was the side-tracking of at least three important dis-

putes before they grew into production stoppages—those at U. S. Rubber, Ranger Aircraft, Budd Manufacturing.

• **U. S. Rubber**—The settlement between U. S. Rubber in Detroit and the C.I.O. Rubber Workers covers 6,000 workers who put in much of their time on defense orders. It provides a general wage increase of 3¢ per hour, a 5¢ an hour boost for hiring rates, and an accelerated scale of graduated increases. Grievance handling machinery is simplified, and vacations with pay provided. An unusual feature in the new contract is the granting of maternity leaves of absence.

U. S. Rubber's wage rates are now slightly above the Akron scale, as the union argued they should be because of Detroit's higher cost of living.

• **Ranger Aircraft**—Workers employed by this subsidiary of Fairchild Airplane and Engine Corp. in Farmingdale, New York, were on the verge of striking three times in the course of a dispute over wages and union recognition. Last-minute, high-pressure intervention by Defense Commission aides effected a settlement which gives recognition to C.I.O.'s United Automobile Workers Union and compromises on pay rates. The agreement, which closed the controversy, outlaws strikes and lockouts for a year, gives U.A.W. exclusive bargaining rights, and provides a 5% wage increase.

• **Budd Manufacturing**—The prospect of trouble at Budd also was dissipated last week as U.A.W.-C.I.O. approved a contract calling for about \$400,000 in increased wages and vacation bonuses. Pay raises range from 3¢ to 8¢ an hour.

• **International Harvester**—Settlement of the strike called by U.A.W. sent 3,200 men back to work on Army trucks in the company's Fort Wayne shops. The settlement terms, embodied in a contract, provide a 70¢-an-hour minimum wage for all employees with 30 days' service.

• **Eaton Manufacturing**—Headlined "situation" of the week concerned the Wilcox-Rich Division of Eaton Manufacturing Co. in Saginaw, Mich. There, a strike of C.I.O. unionists, to force the company to rehire employees participating in a former strike, started off with tear-gas and rioting, spread to five other Eaton plants, four of which are making equipment for national defense.

Threatening "drastic government action," a federal conciliator speaking for the Defense Commission ordered the company on Tuesday to reopen its Saginaw plant within 24 hours and to rehire the strikers whom it had agreed last month to take back. Current strikers were also called on to return to work pending a final settlement.

Other threatening "hot spots" included Babcock & Wilcox in Bayonne, N. J., where company and union differences over wage rates provoked a picket line, and Sun Shipbuilding in Media,



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The answer is the same that you get for any other industry—the American railroads do the job.

According to one well-informed writer, "55 per cent of the average requirements for air-

craft fabrication is shipped in excess of 1,500 miles for assembly."

At latest count, there were 79 aircraft manufacturers, scattered over 20 states—and beyond this, there were 23 aircraft engine manufacturers—scattered over 12 states.

Now, despite the size of America's aircraft program, it is not a big job to move the materials needed, measured in *tonnage*. There are industries which move a greater tonnage

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But in aircraft construction another factor is of particular importance, and that is reliability—accurate scheduling—on-time delivery.

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What they do for the airplane industry, they do for the farmer, the merchant, and all the industries of America—they haul the food you eat, the clothes you wear, the fuel that warms you, the things you use every day, handling America's traffic so smoothly that few people give it a second thought.

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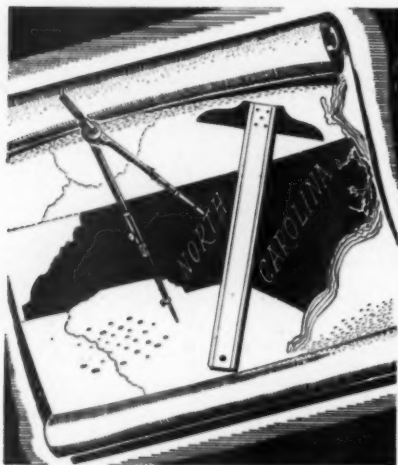
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NORTH CAROLINA
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Pa., where a hundred C.I.O. welders on the night shift stopped work for eight hours to emphasize demands for new piecework rates. Company attorneys again vainly sought postponement of NLRB hearings (BW—Dec. 28 '40, p17) on the basis of the alleged sitdown.

L.A.'s Last Stand

Open-shop citadel eyes San Francisco's plan. M. & M. reorganizing to make the best of labor's admitted gains.

Los Angeles employers are about to make what many of them regard as the last stand in defense of the city's established labor traditions.

Within the next few weeks, the venerable Merchants & Manufacturers Association, heart and soul of the open shop, is due to be reorganized for the second time in 12 months. Details haven't been worked out yet, but fundamentally the new policy will be to accept collective bargaining as an accomplished fact and attempt to make the most of it.

Specifically, that means providing employers who must deal with unions with a staff of expert, experienced negotiators who know all the angles, backed by a research staff to equip them with information on comparative wage scales, working conditions, living costs, etc.

• **Eye San Francisco**—Incidentally, much of the technique will be patterned after that of the San Francisco Employers' Council (BW—Feb. 24 '40, p38). M.&M. officials have been making a close study of Almon E. Roth's smooth-running machine and many Los Angeles top employers have been impressed.

Boiled down, the dominant Los Angeles labor relations philosophy will attempt to cling to the open-shop principle, at least in theory, while dealing more realistically with the increasing demands by local unions for collective bargaining agreements. (There were 85 NLRB elections in Los Angeles last year compared with 23 during 1939).

• **Trend toward Contracts**—Agitation among a substantial group of Los Angeles employers for a swing away from the city's traditional ironclad open shop policy and from the "elder statesmen" who have fostered the policy is in itself of considerable significance. Until the last couple of years, it was considered heresy in Los Angeles for an employer to negotiate a labor contract with a union, so strong was the domination of the "old timers."

Public sentiment cultivated by the group and reached through powerful media like Harry Chandler's Los Angeles Times had embraced the "defense of the open shop" with almost religious



SEARS GOES WEST

Arthur S. Barrows, for six years a director and 14 years a supervisor of various merchandise departments for Sears, Roebuck & Co., was appointed last week to the newly-created office of vice-president in charge of the Pacific Coast territory. He will have charge of all retail and mail-order activities on the West Coast, operating from Los Angeles. In line with the company's decentralization policy, the Barrows appointment also means that Montgomery Ward's union trouble on the West Coast (BW—Jan. 4 '41, p28) has impressed mail-order management with the necessity of taking steps to put authority in competent local hands.

fervor. Open-shop conditions in Los Angeles were used by the Chamber of Commerce as one of the chief sales arguments in luring new industries and branch plants to southern California.

• **Industry Transformed**—Factories came to Los Angeles—rubber, automobiles, aircraft—and the men who worked in them offered a rich field for union organizers. Incidentally, many employers now feel that too much waving of the open-shop flag acted as a challenge to the unions to "come in and organize."

Then came the New Deal and along with it the Wagner Act. Unions made more headway. Employers became confused and had no one to turn to for expert guidance in handling the labor relations which suddenly became their No. 1 problem. Many were caught between two pressures: unions were demanding contracts; the M.&M. was sitting tight on its old policy of "no truck with organized labor."

• **Between Two Fires**—As unionization



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increased and employers floundered increasingly a number of trade associations, each with a secretary, sprang up to help handle labor relations in various industry groups until, as one prominent employer puts it, "We didn't know which was worse—to give in to unions or to pay tribute to our association."

In an effort to control the situation, a top group, Southern Californians, Inc., was set up in 1937 as a labor relations "community chest." All employer money went into one pot and was doled out by S.C.I. Paul Shoup, highly-respected former president of Southern Pacific Railroad, was drafted to head the organization. S.C.I. went aground when, in 1938, it sponsored State Initiative No. 1, a tight anti-picketing proposal, which had the effect of uniting, for once, all the labor groups in California in opposition. No. 1 was defeated, largely because of a union deal with the Ham & Eggs pension promoters.

• **Took More Territory**—Gradually, S.C.I. took on other functions not originally planned until Los Angeles employers had two labor relations groups each doing substantially the same job. Inevitably, bitter jealousies arose between the staffs and partisans of S.C.I. and M.&M. Incidentally, about that time, the La Follette Senate Civil Liberties Committee came along to wash a lot of S.C.I. and M.&M. dirty linen in public. • **Try Merger**—About eight months ago, in an effort to patch up the situation, S.C.I. and M.&M. were merged (BW—Jun. 1 '40, p38). According to somewhat bewildered Los Angeles employers, the merger merely concentrated the fight in one office and the feud between the two groups continues.

Meanwhile, the unions are making considerable progress in their membership drives and in obtaining contracts, written and unwritten, with employers. Employer spokesmen claim only 40% of the city's workers are card holders. Unions claim they've captured at least 50%. It is certain that unions have made heavy inroads in rubber, oil, automobiles, and aircraft, to say nothing of movies.

• **Court Rulings**—Decision of the California supreme court in the Howard Automobile Co. case (BW—Oct. 19 '40, p42) had the effect of legalizing the closed shop and permitting picketing to enforce it. A wave of union contracts in Los Angeles followed. Last week's decision by the U. S. Supreme Court verifying the NLRB's power to require written contracts is accelerating the trend.

Union leaders were pointing last week to several recent developments which they consider significant: (1) Pig & Whistle restaurant chain, headed by strong open-shop interests, have signed a closed shop contract with the Culinary Workers' Board; (2) Ralphs Grocery Co., a chain doing about 26% of the total grocery business in the city,

and another open-shop holdout, negotiated a closed-shop agreement early in December; (3) every Class A restaurant is now union; (4) night clubs are 100% organized; (5) Amalgamated Clothing Workers recently signed a preferential shop contract with five leading department stores covering alteration workers—significant because unions see it as an entering wedge to organization of other workers in the stores; (6) culinary workers in all major hotels except the Biltmore are operating under union contracts.

• **Membership Drives On**—Add to this the fact that Dave Beck's teamsters are busy on an ambitious organizing campaign in Los Angeles and aircraft plants have been made the heart of a wide-spread 1941 drive for members by C.I.O., and it becomes clear what Los Angeles employer groups are facing.

As one leading employer, a director in the M.&M., said: "This is our last chance (the prospective reorganization of M.&M.). If we miff it this time the open shop in Los Angeles is sunk."

Umpire for G.M.

Millis's successor in arbitrator's post finds backlog of grievances, many of which are traceable to national defense orders.

The contract which General Motors concluded last summer with the United Automobile Workers Union provides that disagreements shall be presented to an impartial umpire for decision. It is a device for insuring that grievances do not precipitate work stoppages. Each side binds itself to accept the umpire's award as the final word.

But by this week a mounting backlog of unresolved issues between G.M. and U.A.W. threatened to disturb peaceful relations. Reason: Since Harry Millis became NLRB chairman in mid-November (BW—Nov. 23'40, p. 55) there has been no umpire.

• **Hearings Will Resume**—Now, however, after a careful quest for a qualified successor to Millis, Prof. George W. Taylor of the University of Pennsylvania has been named. He will begin hearings in Detroit next week on some of the pressing grievance cases.

First on the docket is apt to be a dispute involving Fisher Body Plant No. 1 in Flint, where the union, impatient over what it terms "the company's practice of stalling on grievance handling," has already taken a strike vote. Few observers take the strike prospect seriously. The general view is that the union vote was merely intended to speed up the naming of an umpire.

• **Other Instances of Friction**—Chevrolet Plant No. 9 in Flint has also been



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Ask a Concrete Products Manufacturer or Concrete Contractor (see phone book) for names of architects and builders experienced in concrete. Write us for facts on concrete as a preferred mortgage investment for large mortgage lenders or home developers; also the new booklet, "Suggested Designs for Small, Firesafe Concrete Homes," (mailed free in the U. S. and Canada).

• Concrete homes built for industrial employees by Maple Realty Co., Hartford, Conn.

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restive. Union charges that a shop committeeman was dismissed for "raising hell" over "dilatatory" grievance handling by G.M. management have kicked up a lot of trouble which Taylor will have to straighten out. There is similar friction at the Chevrolet Forge Shop.

Underlying the current situation, and responsible for many of the grievances, are government defense orders.

According to G.M., and this is supposed to apply particularly to the Forge Shop, union workers are out to make as much on national defense jobs as they do on regular production items. Highly skilled workers have been earning as much as \$1.75 an hour on familiar

work compensated for on a piece-rate scale. On the new defense jobs, they earn considerably less and are therefore, according to the company, averse to accept assignment to them without getting exceptionally high piece-rates.

• **What the Union Says**—U.A.W. considers this attitude a reflection on its patriotism. It says that it is willing to give the company sufficient time to take the "bugs" out of the new jobs, but that if they prove to be definitely slower jobs, they should be retimed at new rates. Why, asks the union, should workers make less on defense jobs when the company is maintaining the same rate of profit?



Dr. George W. Taylor, associate professor of industry in the Wharton School of the University of Pennsylvania, succeeds Harry A. Millis (now NLRB chairman) as impartial umpire for the United Automobile Workers and General Motors. A labor arbiter of 12 years' standing, Dr. Taylor has settled more than 1,400 disputes in the men's clothing, hat, hosiery, and textile industries without a major strike.

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PAY-OFF

They hired a hall last week in Brainerd, Minn., to pay "shackers," mostly renters on cutover land, \$35,256.67 in back wages due under the Fair Labor Standards Act. Northern Pine Mfg. Co. and Park Region Timber Co., owned by Saul J. Zeman, Edward B. Sullivan and William Locke, made the distribution to 992 employees for cutting and peeling pulpwood (BW—Aug. 3'40, p40). Largest check was for \$427 to a man who had earned \$850 in a year and a half.

The Minneapolis Regional office of the Wage and Hour Division had the biggest month in its history in December, \$171,744 in back wages being paid to 3,352 workers in Minnesota, North and South Dakota and Montana. In addition to the lumber companies, concerns making large restitutions recently include: an electric power utility, \$22,195 to 300 employees; gold mines, \$37,133 to 277; and wholesale grocery firms, \$25,280 to 653.

Total restitution for 1940: Minnesota, \$155,397.97 to 3,525 employees; North Dakota, \$6,617.33 to 102; South Dakota, \$51,339.26 to 636; and Montana, \$24,239.62 to 637.



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Army engineers and York engineers joined hands at Wright Field, Ohio, to create this amazing contradiction—stratosphere at sea level. And to accomplish the purpose, York designed and fabricated the largest installation of its type ever known and providing desired temperature, down to minus 67 degrees fahrenheit.

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PRODUCTION

Mink on the Move

Trucks and ferry boat aid mass-migration of 5,000 animals worth \$200,000, most of which are potential fur coats.

Normally, mammals don't migrate, but last week 5,000 scrappy, snarling little mink, worth about \$15 to \$75 apiece and aggregating about \$200,000, began a mass march by ferry boat and motor truck from Pawling, N. Y., westward 50 miles across the Hudson River to Halcyon Farms, near Goshen, N. Y. With them go six pairs of noncombatant chinchilla, valued at \$3,200 a pair, plus a miscellaneous group of baummarten, fisher, nutria, and silver, black, and red fox.

• **One Pair to Full House**—Back of the move which will take almost a month to complete is the creation of a new corporation, American Fur Farms, Inc., to purchase the Dutchess Mink Farm from its founder, Wallace D. Turner, who started as a high-school boy twelve years ago with a pair of wild mink trapped by him. Halcyon Farms, the new location where facilities for handling 10,000 mink have already been installed, is owned by Edward T. Clark, who with Mr. Turner will administer the "world's largest mink ranch."

Peculiarly enough, 4,200 of the 5,000 mink being moved are paying boarders owned by various fanciers and a sprinkling of forward-looking women who have paid \$300 each for the privilege of raising their own mink coats. \$300 buys a "mink unit" of three females and a male. On the average each female bears three kits at a time. By a rough sort of geometrical progression, each mink unit produces an average of about 94 pelts and 36 breeders in about three years. The pelts alone are worth at least \$15 each at current prices. Thus the "investor" is reasonably sure of a return of about \$1,400 if he wants to cash in. This return is usually adequate to cover his out-of-pocket expenses, totaling \$1,380 (the original purchase price of \$300 plus a board bill of about \$30 a month) and leaves the "investor" with a profit in the form of several valuable breeding units with which to carry on further geometrical progression.

• **Farm Totals Grow**—Although imports of raw furs from foreign sources continue to mount despite war conditions (\$71,000,000 worth during the 12 months ending Aug. 31, 1940, as against \$49,400,000 during the previous 12 months) and domestic fur trapping ac-

counts for practically the same amount, more and more American effort is being put into fur farming.

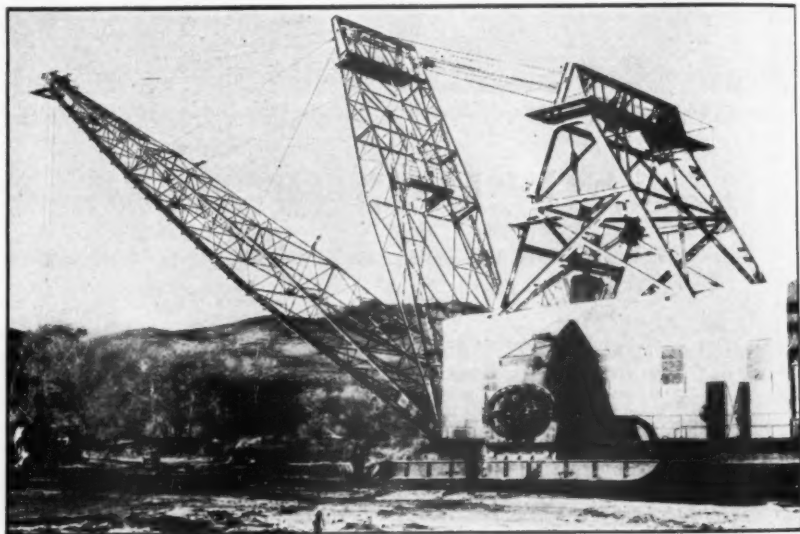
Estimates indicate that there are probably as many as 4,000 fox farmers, mainly in the northern reaches of the United States, with a potential production of 400,000 skins in 1941. Across the border in Canada there are 6,000 more fox farmers who will add at least another 400,000 to the market. (The U. S. wild fox "trap" totaled 141,475 skins during the 1937-38 trapping season—last period for which complete statistics are available. No estimates are available on the comparatively small number of mink farms, but the U. S. wild mink trap came to 190,000 in 1937-1938. There are also few ranches seeking to raise other species of fur-bearing animals, although there is a growing U. S. "Persian" lamb industry.

• **Aiming at the Top**—Big hope of Messrs. Turner and Clark is to consolidate for their new corporation a position in the mink world similar to the leadership of Fromm Bros., of Hamburg, Wis., in the silver-fox world. Over

a 30-year period, this firm and that of the Fromm brothers' cousin, Herbert A. Nieman, also of Hamburg, have grown to a point where they are credited in the fur trade with producing a quarter or so of the annual fox farm crop.

Whatever the fur that is farmed, success seems to spring only from a favorable combination of terrain, climate, business acumen, and animal husbandry, with a sharp accent on dietetics and advanced veterinary practice. Vitamins, minerals, proteins, carbohydrates—all play their part. The farm fox thrives on a diet rich in meat and fish. The farm mink favors practically an all-fish diet, 5,000 of them requiring 16,000 lb. of sea food every week—mainly flounder from New York's Fulton St. Market.

• **Agricultural Pursuit**—Although the business of raising fur-bearing animals may be highly technical, it's still farming in the opinion of Judge Henry A. Hicks, of Denver, Colo. Therefore, employers in the industry are not subject to social security taxes, he said, in ruling in favor of the Genesee Mountain Fox & Mink Farms, Inc., against the Colorado Department of Unemployment Compensation and the State Industrial Commission. The decision is likely to be appealed to the state's higher courts and, ultimately, to the Supreme Court.



BROBDINGNAGIAN

Near Reno last month, the Dayton Dredging Co. began placer gold operations with the grandfather of all draglines, in the same gulch that touched off Nevada's first mining boom 80 years ago. The big Bucyrus-Monighan walking dragline excavator weighs 850 tons, has a boom 180 ft. long, scoops out the gravel and deposits it into the hopper of the washing plant 150 ft. away at the rate of 700 cu. yd. an

hour. In the washing plant, gravel and dirt go through an elaborate screening process to relieve them of the gold.

The excavator's bucket has a capacity of 14 cu. yd. The average bucket used in similar operations handles 14 yd., though there's one in Oregon, considered especially large, that handles 3 yd. The Dayton Dredging Co. expects to treat a total of approximately 10,000,000 cu.yd. of gravel during the next three years.



The Early Bird

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Industrial occupation of America's new empire has just begun. Only in recent years has Natural

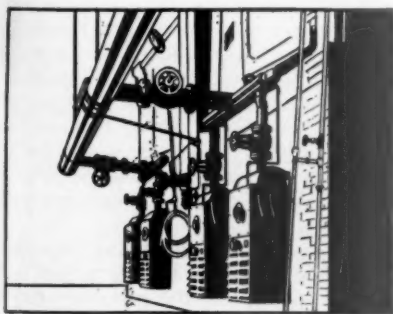
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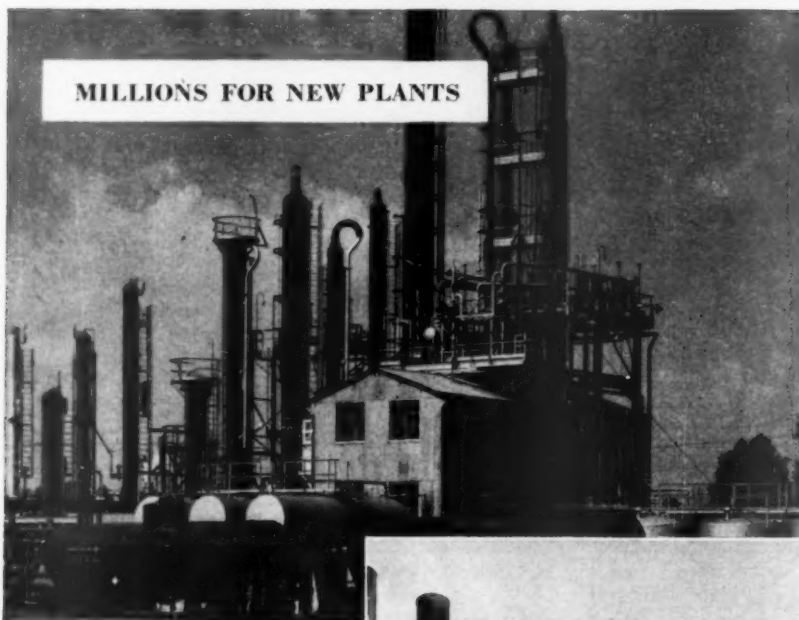
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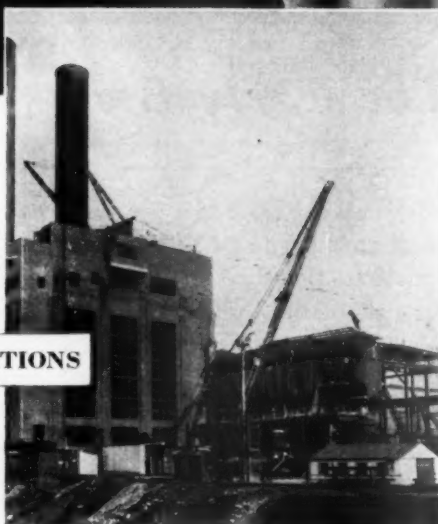
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The Department of Commerce at Harrisburg is organized to help you. Write for information.

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2. It points out lines of business which could profitably be started or expanded in Pennsylvania.
3. It hunts new markets for Pennsylvania businesses.

4. It reports export opportunities.
5. It helps to eliminate trade barriers between states.
6. It cooperates closely with the National Defense Commission.
7. It aids Pennsylvania agriculture by increasing the purchasing power through increased employment.
8. It helps to create jobs for Pennsylvanians.

Pennsylvania

where your business can expand



ARTHUR H. JAMES, Governor • RICHARD P. BROWN, Secretary of Commerce

1941 Auto Show?

A.M.A. president reports canceling of New York exhibit is being considered. Packard and Willys ready new lines.

Cancellation of the New York Auto Show has been discussed but no conclusion reached, according to Alvan Macauley, president of the Automobile Manufacturers Association. The industry has already gone on record that it will restrict any retooling that would interfere with national defense efforts. Certain elements in the industry are understood to believe that cancellation of the show in a time of national emergency would meet public approval and free their own organizations from a distraction.

Dealers could of course put on their own shows in various centers, as done in the past.

• **Earlier Announcements**—More freedom in announcing new models might result from cancellation of the New York Auto Show. There has been a gentlemen's agreement in the industry that no one should jump the gun beyond a set number of weeks prior to the show date. It is possible that announcements will come earlier this year.

Packard, for one, is introducing a complete new line in March. The present line has been extensively modified according to reports, and an ultra-streamlined job, suggesting the General Motors "Dream Car," is to be added. Exceptionally low and broad, the Packard "Car of the Future" will have rear fenders integral with the body, and an extremely narrow and high radiator grill of familiar Packard styling. All models are likely to serve Packard for the "duration," with only minor changes for the 1942 season and thereafter.

• **A New Willys**—Meanwhile, Willys, despite its concentration on \$20,000,000 in orders for military reconnaissance cars, forgings for aircraft, gun shells and mounts, will be ready early in February with a new "price leader," the American Blue Streak Coupé at \$595 factory list (to compete with Chevrolet's coupe at \$675, Ford's at \$665, Plymouth's \$685). With it will come a new \$575 "pick-up," a station wagon for \$820, and a cab-over-engine delivery, not yet priced.

• **Year's Prospects**—Retooling expense on 1942 models will be only a fraction of that incurred in the past two years. Much can be done, however, by a slight reworking of body lines, and especially through new trim and upholstery arrangements.

There is a distinct feeling in the industry now that production will continue at present high levels for the first

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PRIVATE SUB-MACHINE GUN

Not included as yet in the official U.S. defense effort, the new Reising sub-machine gun is being manufactured privately "on faith" by Harrington & Richardson Arms Co., Worcester, Mass. It weighs only 6½ lb., costs 60% less than the accepted military type, fires 500 rounds per minute of 0.45 caliber pistol ammunition, and is expected to reach a production of 500 a day by Feb. 1, and 1,000 a day by Apr. 1. Here the inventor, Eugene G. Reising, in the traditional blindfold test, disassembles the gun into its seven parts, and reassembles it in 83 seconds flat.

quarter, but that shortages of material or government restrictions upon output will curtail the field supplies of new cars later on during the year. One maker feels that supervisory skill transferred to national defense tasks will force a large curtailment in its auto output after the second quarter.

A PLANT, IN A HURRY

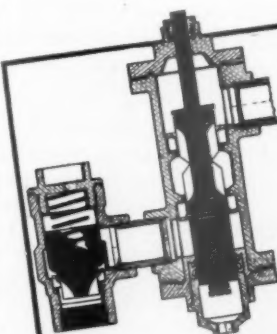
With so much talk of how long it takes to create industrial capacity, Chicago last week offered an example on the other side of the argument. Automatic Electric Co. is swamped with orders and needed extra production space in a hurry. So it made a good offer to a neighbor, Curtis Lighting, Inc., for that firm's adjacent 53-year-old multi-story plant. Curtis looked around, found that Clearing Industrial District (BW-Apr.8'39,p38) had on

TOUGH METALS FOR TOUGH SPOTS



For a Pacific Tuna Clipper 2500 miles from port, a broken shaft is risky and costly business. While the boat wallows helplessly in tropical waters, her precious cargo stews in the sun. Losses have run to \$30,000! Now this risk is eliminated by use of Monel shafts. Strong and stiff as steel previously used, Monel is immune to

corrosion fatigue cracking in salt water... hence good for years of safe, economical service.



The Cup of Water That Lifts a Couple of Tons
On huge presses for moulding rubber and plastics, a hydraulic valve regulates a small amount of liquid which builds up pressures to 5000 lbs. per square inch. Valve shown is equipped with low-pressure seat and disc of "S" Monel, spring of Inconel, high-pressure seat and disc of heat treated "K" Monel. Used to replace a valve that needed new parts every three weeks, this one is still good after fifteen months.

6-Quart Boiler Heats 14 Passenger Plane

What heats big passenger planes today is "flash" steam from a small sheet metal boiler located in the engine exhaust stacks. This boiler must withstand a stack temperature of 1500° F. plus the sudden shock of 200° F. inlet water. In this application, the high-nickel alloy, Inconel, withstands the harsh treatment, gives hundreds of hours of dependable service.



The above metals and others below constitute the INCO family of high-nickel alloys. An excellent idea of their value and respective places in industry can be formed by looking through the booklet "7 Minutes with 7 Metals". Write for a copy to:

THE INTERNATIONAL NICKEL COMPANY, INC., 67 Wall Street, New York, N. Y.



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Hold Tacker in one hand—material in other—tack fast as you grip. Compact. Easily portable. Self-contained. Flush front for close spaces. Submit your tacking problems. Ask for Folder.

A.L. HANSEN MFG. 5130 RAVENSWOOD AVE.
CO. CHICAGO, ILL.

hotel
Hennox
St. Louis
Ed... I'm off to St. Louis
to reach me, think of my
wake-up good food
and service
wire

hand more than sufficient material to build the 108,000 sq. ft. it needed. The deal was immediately signed up for a one-story monitor-type plant to be occupied by Curtis on March 1, 1941. The Clearing construction staff, accustomed to running up this standard type of structure, had foundations a-building next morning, considers the 50-day erection schedule very ho-hum.

CALENDAR FOR APPRENTICES

Something brand new in calendars is being hung on the walls of factories where apprentices (and older workers) will be helped by a continuous reminder of machine-tool and metal-working fundamentals. As designed by Leighton A. Wilkie, president of Continental Machines, Inc., Minneapolis, each big page contains an illustrated "easy lesson" on a particular machine tool: January describes the lathe and its operation; February, chip production; March, the shaper; ensuing months, the milling machine, the drill, the saw, the file, the broach, the vertical mill, the grinder, the hone, the superfinisher.

TOOTHPASTE ELECTRONICS

The "electric eye" is now making toothpaste. More than a score of electronic tubes are speeding production and controlling various operations for Bristol-Myers Co., at Hillside, N. J. One makes the weighing of ingredients automatic; another "sees" that toothpaste tubes on a conveyor all have their open ends pointing the same way for automatic filling; still another helps wrap small packages in waxed paper at speeds of 180 per min.

All installations operate on essentially the same type of circuit. Light falling on a phototube is eclipsed by the passage of a tube or package or person. This causes a thyatron tube in the circuit to act as a relay, energizing a solenoid apparatus which actuates any one of the various stop-and-start mechanisms.

FOG CONQUERORS

Flying's "greatest hazard," fog over and around airports, is now being fought with increasing promise of success by two different means, heat and chemicals. Dr. Sverre Pettersen, professor of meteorology at Massachusetts Institute of Technology, told a Columbia University audience recently that runways can be heated (and not too expensively) to check the fog-forming process wherein warm moist air flows over cold surfaces.

More likely to be employed is the spraying of sulphur chloride solution into the air over the runways. Using this method, an unnamed airport cleared a space 150 ft. wide, 30 ft. high, and 1,500 ft. long, enough for a normal take-off or a landing on a radio beam.

NEW PRODUCTS

Butter Conditioner

In the upper left-hand corner of a 1941 Hotpoint Refrigerator, built by Edison General Electric Appliance Co., 5600 W. Taylor St., Chicago, you will find a new compartment. It is the Butter Conditioner with a door of its own to keep odors out, and adjustable electrical heating coils to maintain the right consistency for spreading.

Millisecond Timer

Developed by Remington Arms Co., Bridgeport, Conn., for use in ballistics



research, the new Chronoscope "splits the second 1,000 ways and will measure from one to 200 of these milliseconds." An electronic device, it can be used for measuring many ultra-fast operations, such as the firing of a blasting cap, the lighting of a photoflash bulb, the operation of an electric relay. Here it measures the firing of a gun on a test block.

Humidified File

For long-period preservation of valuable microfilm records, Remington Rand Inc., 465 Washington St., Buffalo, is bringing out a special Microfilm File, 58 1/2 in. high. Nine drawers provide space for 900 standard 16-mm. film storage boxes (or 3,500,000 records); a tenth drawer contains a chemical which maintains 51% humidity within the entire cabinet—"the ideal condition for microfilm preservation" determined by government experts.

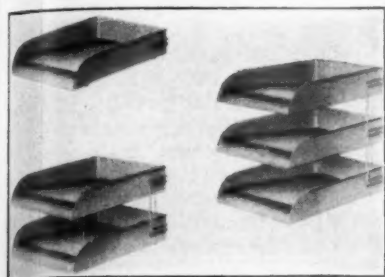
Super-Safety Glass

By making a sandwich of two pieces of heat-strengthened plate glass and one or more layers of special "vinal" plastic, Pittsburgh Plate Glass Co., Grant Bldg., Pittsburgh, achieves Flexseal, a new

safety glass with a strength "ten or more times that of ordinary automobile safety glass." It was developed primarily for sub-stratosphere airplanes. The plastic extends beyond the glass so that a twist of the frame will not cause cracking.

"Streamliner" Desk Tray

Designed not only to harmonize with modern office furniture, but to make



paper-handling easier, the new Streamliner Desk Tray is coming from Globe-Wernicke Co., Norwood, Cincinnati, in one, two, three, or more tiers. The company is also announcing a new line of GlobeArt Desks, available in a new shade of seal gray with white metal trim, and also in standard green, walnut, or mahogany with bronze trim.

Colorbond Sheets

Paint, enamel, varnish, lacquer, or other finishes may be applied immediately to Colorbond Galvanized Sheets without danger of cracking, peeling, or flaking. Newport Rolling Mill Co., Newport, Ky., produces them by special "chemical and metallurgical processes that change the surface finish without in any way weakening the protective spelter coating."

Sheet Metal Clamps

To speed the assembly and riveting of sheet metal, Cleveland Pneumatic Tool Co., 3734 E. 78th St., Cleveland,



has brought out Cleco Sheet Holders, staunch little spring devices which hold rivet holes in strict alignment. Access to both sides of an assembly is unnecessary—the holders are quickly inserted or removed from one side by means of special pliers. They come in $\frac{1}{8}$, $\frac{1}{4}$, $\frac{3}{8}$, and $\frac{1}{2}$ -inch sizes, each a different color.

Prize-winner in BEETLE

The new Schick Shaver for 1941 (top honors in Annual Modern Plastics Competition) is especially designed with S-A-L-E-S in mind. Strong, light, sanitary BEETLE* lends its lustrous color to match good design with the important, practical considerations of low cost and efficient production. Natural insulating qualities safeguard user against heat and electricity. On all housing and product design problems BEETLE can extend valuable assistance on both molding methods and materials.



LIGHT IS RIGHT WITH BEETLE OVERHEAD...

Eye fatigue and resulting loss of employee efficiency can often be charged to improper store, office or factory illumination. Lighting fixtures by Chase show what BEETLE molded plastic bowls and reflectors can do to relieve such "overhead" problems. BEETLE units are designed to take advantage of the many special properties of the material... great light diffusion, and extremely accurate control of color and character of light transmission. Also, BEETLE will not shatter and is extremely light in weight—two important safety features. BEETLE technicians will help you evaluate your requirements or adapt BEETLE'S properties to your problems.



BEETLE BUTTONS BETTER! Leading garment manufacturers find BEETLE strength, uniformity of size and sewing holes, colors, thickness, durability and freedom from sharp, cutting edges are important economy and sales points. Smart, "dressy" appearance in ivory and pearl—or any color—can be obtained in hundreds of styles and patterns available. And from the customer point of view, the ability of BEETLE buttons to withstand repeated laundering and ironing without breakage or discoloration speaks for itself! Ask BEETLE for the facts.



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"SALES SUCCESSES WITH MOLDED BEETLE"

Sales, design and product development executives will find in this new Beetle book the actual case histories of typical and widely varied applications of Beetle plastics... fully illustrated in color. For your copy simply address a request on your company letterhead to...

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REAL ESTATE

110 Years of Thrift

Savings and loan groups' celebration of start in U.S. puts spotlight on their recovery from depression conditions.

Savings and loan associations this week are celebrating not only National Thrift Week but also the 110th anniversary of the founding of thrift and home-financing institutions in the United States.

On Jan. 17, 1831, anniversary of the birth of that thrift aphorist, Benjamin Franklin, and eight months before New York State's first locomotive chugged from Albany to Schenectady, 15 citizens met in Frankford, Pa. (now a part of Philadelphia). They agreed to pool their savings each month into a central treasury, to fine members for late payments or non-attendance at meetings, and to let members bid for accumulated funds when sufficient were on hand to make a down payment on a home.

• **What Came of It**—From the seed sown by this little group of would-be home owners, there had grown, by 1927, some 12,800 associations with assets of almost \$9,000,000,000. Approximately one-third of these withered during the depression, but throughout the country there remain today more than 8,300 active thrift and home-financing institutions with assets of approximately \$5,674,000,000 representing the savings of some 6,500,000 members.

More than a billion dollars were lent by savings and loan associations on home mortgages during the first ten months of 1940. And almost \$5,000,000,000 of long-term savings were invested in savings and loan association shares at the end of October.

• **In the Corporate Title**—In most states, as in New York, the words "Savings and Loan" must be used in their corporate title. In others, like New Jersey, they usually are called "Building and Loan Associations," although the term "Savings and Loan" may be used and is becoming more popular. In Massachusetts, they are Cooperative Banks and in Louisiana, Homestead Associations. But whatever their names, their purpose is to encourage systematic savings on the one hand and home-purchase on the other. In each, the investor acquires "shares" by paying a lump sum or by making monthly deposits.

Originally, it was different. The saver was the borrower. The early savings

and loan associations were organized as neighborhood thrift clubs, and those who paid their weekly or monthly dues did so with the intention of eventually accumulating enough to build their own homes. But the passage of time and the fact that it takes the savings of five persons to make a loan to one borrower (average savings account is \$700 and average home loan \$3500) has shown the impracticability of that initial plan.

• **Aid from the Agencies**—Credit for much of the recovery from vulnerable depression conditions has been given to the Federal Home Loan Bank System, the Home Owners Loan Corp., and the Federal Savings & Loan Insurance Corp. The HOLC was conceived to help home owners who faced mortgage foreclosure, but, in the process, it thawed out hundreds of millions of bank and thrift association assets. Savings and Loan Associations came in for \$768,000,000 of the HOLC's negotiable bonds.

The Federal Home Loan Bank System borrows money through public sale of bonds and notes at from 1% to 2% interest rates. It also accepts deposits from member thrift and home-financing institutions in those localities where mortgage money demand is slack. These funds are lent at a higher rate to similar institutions in localities where home-seekers are demanding more mortgage credit. The system has been self-supporting and has grown rapidly. Advances of \$110,788,000 were made to member associations during the first 11 months of 1940, the largest amount for any comparable period since the inception of the banks in 1933.

• **Guarantee Up to \$5,000**—The Federal Savings and Loan Insurance Corp. has lured the savings of individuals to thrift and home-financing institutions by promising to guarantee safety of individual accounts up to \$5,000. Member associations are charged a fee of 1/4 of 1% of share accounts and creditor obligations. If any threat of difficulty arises, the insurance corporation, by arranging mergers or compositions, or by advancing cash, tries to sustain the association. If this fails, members are given shares in another insured association.

This protection has attracted investments not only from the hoards of individuals, but also from fiduciaries seeking a reasonably safe investment for trust funds. In many localities, dividends from these shares are higher than interest on government bonds. Elsewhere, savings and loan associations pay only 2% or less, but give a 1% bonus to the thrifty few who have deposited faithfully a stipulated sum each month

for a period of time, usually 10 years, or who have made regular monthly payments until their payments, plus accredited dividends, have reached a prefixed "savings goal."

• **Return of Principal**—As to marketability, contracts vary. Some specify return of principal on demand or within 30 days after demand. Others require repayment of principal only upon maturity of the shares, usually 10 years after opening of the account; but when convenient such firms permit depositors to withdraw funds on demand.

Mortgage loans now constitute about 70% of the total assets of the average savings and loan association, with owned real estate making up another 11%. Almost all mortgage loans now are made on the monthly repayment basis, a plan created by savings and loan associations and later adopted by the Federal Housing Administration in its large-scale insuring of mortgage loans. This amortization plan provides for repayment of principal and payment of interest by regular monthly instalments.

Boston Diagnosis

The Hub sits for portrait in first of 13 studies which Urban Land Institute is making on rehabilitating real estate.

Most big American cities have practically ceased growing, and eight of the 25 largest lost population to their suburbs in 1930-40 (BW-Jul. 6'40, p34). To find causes and cures, a group of realtors last summer formed, under National Association of Real Estate Board auspices, the Urban Land Institute.

• **Expense Money Only**—With \$20,000 obtained 50-50 from the institute's treasury and from the Estate of Marshall Field (biggest property owner in Chicago's Loop) they drafted a substantial member in each of 13 cities to survey his home town according to a standard outline. For this, he recovers his out-of-pocket expenses, but gives his own time gratis.

The standard outline calls for a survey not only of physical facts but, equally important, of local attitudes with respect to 18 specific proposals. Thus there is assurance that whatever recommendations are made will be rooted in public ambitions for the city.

• **For a Follow-Through**—Investigators are naturally expected to enlist the co-operation of public officials, civic agencies, and private organizations with a sufficient stake in the situation to insure their participation in a program of rehabilitation after the survey.

In Boston, where the first study has just been completed, four city, four state, and two federal bodies, plus 14

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This HYGRADE Miralume complete with lamps is guaranteed to be free from defective material and workmanship for 90 days from date of purchase. The Hygrade Sylvania Corporation agrees to remedy any such defect or to furnish a new part in exchange for any part of this Miralume which, under normal installation, use and service, discloses such defect within ninety days from date of purchase, provided your local supplier is notified with full particulars within this period. This guarantee applies only to Miralumes sold for use within the United States. Claims from foreign markets will be handled individually. This HYGRADE Miralume has been tested and found to be in perfect condition before leaving our factory. It is warranted for transportation damage. Upon receipt by you, it is warranted for transportation damage. If damaged, it will be replaced or repaired at your supplier's expense, and if damaged, it will be replaced or repaired at your supplier's expense.

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It's an exclusive advantage of Hygrade MIRALUMES that may save you *thousands* of dollars!

You're also assured *finer light*, with MIRALUMES (Hygrade's patented lamp coat-

ing) . . . *trouble-free starting* (Hygrade's patented Mirastart starters) . . . *lower maintenance* (Hygrade's easily demountable reflectors and patented lamp holders) . . . and many other exclusive benefits. (See list below.)

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Extraordinary lighting efficiencies are obtained by tuning the ultra-violet energy to 2537 Angstrom Units effective in causing the porous film (Hygrade Patent No. 2,096,693) to generate light as shown in Hygrade controlled Patent No. 2,126,787. Hygrade products are exclusively protected by nearly a hundred other patents, including No. 2,201,817 and No. 1,982,821.



INDUSTRIAL MIRALUME F-100: 54", 100-watt unit; 2 40-watt lamps; no nuts or bolts to mar porcelain enamelled reflector surface.

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Hygrade Sylvania Corp., Est. 1901. Makers of Hygrade Fluorescent and Incandescent Lamps and world-famous Sylvania Radio Tubes.

private outfits ranging from the A.F.L. Building Trades Council to the local office of Dun & Bradstreet, cooperated in the survey.

William H. Ballard, sixtyish, a building manager and appraiser whom Milk St. ranks tops, did the Boston job. His notable conservatism lends weight to some fairly spectacular recommendations in the report.

• **Facts and Figures**—The report conscientiously gives 45 pages of factual information before venturing an opinion. In general, the figures are as expected; they tell the typical urban story of decreased building, increased demolition, intolerable taxes, migration of business to points outside the city limits.

Richest nuggets are the specific statistics on volume of retail business done year by year in downtown Boston and in the suburbs. As the city loses, the suburbs gain comparably in most lines. Surprise: Downtown grocers do an ever-growing proportion of total sales.

• **Highest U. S. Taxes**—Boston's tax rate jumped from \$28.80 in 1929 to \$40.60 in 1940. Assessed valuations remain far above cash sale prices. The report recommends a complete overhaul of valuations because, "the present combination of excessive valuations with the highest tax rate among the large cities of the U. S. is gradually sucking all of the value out of downtown property."

Some of Realtor Ballard's recommendations really kick the lid off. He states calmly that the city is actually bankrupt, urges that it invite the legislature to authorize state receivership for approximately ten years to permit a complete reorganization of finances.

• **Rescue the Perishing**—Most city planners urge the annexation of rich neighboring communities. Mr. Ballard reverses the field, tells the city that whether or not it can attract genteel Cambridge, Somerville, and Brookline, it must annex the three down-at-heel towns of Chelsea, Revere, and Winthrop because as long as they are independent and broke, they will depreciate adjacent parts of Boston.

In specific details the report makes several points that should improve conditions as soon as they take effect. Its recommendations: (1) Halve the number of taxicab licenses. (2) In the financial district, bar all large trucks; permit other daytime trucking only for local deliveries. (3) Remove the entire produce market to route its traffic flow out of busy Congress St. (4) Rezone the city, with retroactive provisions, to foster the "neighborhood unit."

• **Another Dozen Coming**—Next report on downtown business, probably for release soon because it is completed, should be Cincinnati. Thereafter, as completed, come Chicago, Cleveland, Des Moines, Detroit, Los Angeles, Louisville, Milwaukee, New York, Philadelphia, Richmond, and St. Louis.

FINANCE

Financing Britain

Morgenthau presents investment trusts' plan for sale of British companies in U.S. to yield an estimated \$850,000,000.

John Bull's fiscal agent in the United States during World War I was J. P. Morgan & Co. After the United States got in, some people called it "Morgan's war." Hence it was no surprise when the House of Morgan announced in 1939 that it was representing no foreign nation involved in World War II.

Yet the United Kingdom needs American fiscal representation today no less than it did a quarter of a century ago. And it begins to look as though the job devolves upon our Treasury Department. (And will they call it "Morgenthau's war" if we get into this one?)

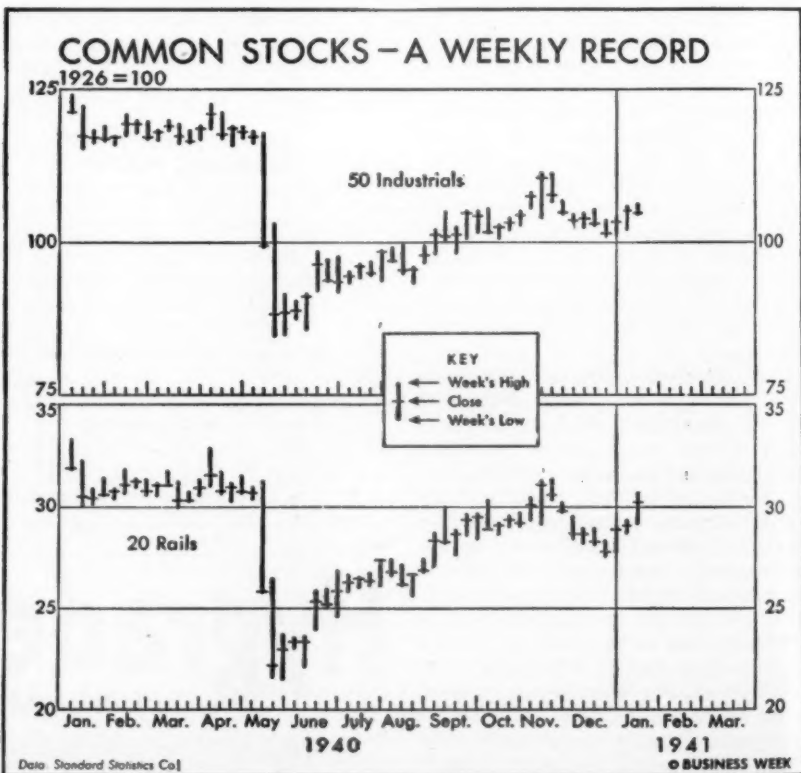
In any event, Secretary Morgenthau, aided by the Securities and Exchange Commission, has emerged in the last few days as intermediary in the bid of several American investment trusts for certain British holdings in the United States. From Morgenthau and the SEC came first word that the transactions were under negotiation; from Morgenthau and the SEC has come word of

subsequent developments. Representatives of the investment trusts say simply that they have made up their minds not to talk—that news must come from Washington.

Meanwhile, negotiations are going forward which bid fair to play a prominent part in Britain's financing of its war purchases, at least until the lease-lend program goes into effect. Two groups of investment trusts, one headed by Tri-Continental Corp. and the other by Lehman Corp., are out to buy some of Britain's direct investments in the United States.

These direct investments are in the American subsidiaries of British companies. Best known perhaps are Lever Bros. (Lux, Rinso, Spry), believed to rank either No. 1 or No. 2 among soap companies in this country, and Brown & Williamson Tobacco (Kool, Raleigh, Wings, Avalon), and these two companies persistently have been mentioned as among those in which the investment trusts are actively interested.

It's next to impossible to find any measuring stick for the valuation of direct investments because, for the most part, the only securities are those which are owned by the parent company. These aren't on the market so there are no available quotations. Moreover, the companies aren't required to give out facts and figures on their operations.



THE MARKETS

Bankers More Hopeful

Every year, on January's second Tuesday, all the national banks hold their annual meetings, and many of the state banks, simply because it's as good a date as any, convene their stockholders on the same day. Hence it has come to be known as "bank day," and this year's bank day was marked by the most hopeful tone of any in more than a decade. It was highly coincidental that the day also saw Senator Carter Glass, known for a quarter century as father of the Federal Reserve System, toss an important piece of banking legislation into the congressional hopper.

In marking down bank day of 1941 as the happiest in many years, it would be well to note that the chairmen and the presidents of the various institutions had nothing in particular to boast about in the earnings of 1940. At best it can only be said that the profits of the last year have shown a moderate advance over 1939.

But there was one development of the late months of 1940 about which nobody could argue. This period was marked by one of the most rapid and vigorous upturns ever recorded in loans to business. Moreover, it was an improvement which, owing to the sustained impetus of the defense program, seems totally to disregard seasonal fluctuations.

There was cause for some pretty enthusiastic throwing of hats in the air several weeks ago when business loans of those Federal Reserve member banks in 101 cities which report weekly topped

the 1937 peak (BW—Nov. 30 '40, p. 58) of \$4,871,000,000. It was then generally assumed that loans would go up to a new peak shortly before the Christmas-New Year holidays, and that there would be a short period of flattening out late in December and early in January.

However, this just isn't a period for flattening out (witness this week's steel operations of 98½% of theoretical capacity). Instead of dropping, the member banks' loans hit their 1940 high of \$5,011,000,000 during Christmas week. In the succeeding two weeks, they gained a further \$20,000,000 to stand at \$5,031,000,000 on Jan. 8.

The Glass bill holds nothing of vital import to most banks, however drastic its language may sound. It would put a 1944 "death sentence" on bank holding companies. It also would empower the Comptroller of the Currency to ban payment of dividends by national banks when such action seemed necessary, and give Federal Deposit Insurance Corp. like authority over insured state banks.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
50 Industrial	104.7	105.0	103.0	117.4
20 Railroad	30.2	29.1	28.3	30.5
20 Utility	55.8	55.1	53.9	70.0
Bonds				
20 Industrial	90.7	90.5	90.2	87.0
20 Railroad	65.0	62.8	61.9	57.6
20 Utility	101.4	101.1	100.6	101.7
U. S. Government	110.1	110.4	111.8	107.1

Data: Standard Statistics except for government bonds which are from the Federal Reserve Bank of New York.

Nevertheless, the January Federal Reserve Bulletin makes a stab at setting a value.

It calls the United Kingdom's direct investment in this country a round \$850,000,000. What part of this neat total would be for sale and what part the investment trusts are interested in remains to be seen.

As far as the present proposal can be followed, Cyril Quinn of Tri-Continental and later A. H. Bunker of Lehman Corp. went to Jerome Frank, chairman of the SEC, and told him what they had in mind. In turn, Mr. Frank took them to Secretary Morgenthau, and the Treasury chief transmitted the proposals in broad outline to Sir Frederick Phillips, Undersecretary of the British Treasury assigned to Washington. Sir Frederick is quoted by Secretary Morgenthau as saying that he was ready to do business.

The pattern for the proposed transactions was set last summer when Tri-Continental and a group of associated investment trusts bought out the New-

port News Shipbuilding & Drydock Co. The trusts on that occasion (BW—May 18 '40, p. 24) retained about one-third of the shipbuilding company's stock and resold the balance to underwriters for offering to the public.

In the case of the British investments, the trusts would buy several of the American subsidiaries. The trusts would retain a part of the stock, but a much smaller percentage than in the Newport transaction. The Tri-Continental group, for example, is understood to represent about \$700,000,000 of trust assets. Fully 90% of those assets are at present invested, leaving relatively little room in portfolios for the British holdings, so that by far the major part would go to the public under the contemplated arrangement.

How much money Britain needs, and how large remaining dollar resources may be, are moot points. The Federal Reserve figures that United Kingdom (exclusive of Canada and the rest of the Empire) had \$2,000,000,000 of gold and \$2,860,000,000 of dollar resources

PACKAGING

NEW OMAR CAKE CARTONS FEATURE HANDLING EFFICIENCY

Revamping of its line of cake packages both from the standpoint of surface design and construction has brought gratifying results to the sales and production departments of Omar Incorporated, prominent baking company with headquarters in Omaha and branches in Milwaukee, Columbus, and Indianapolis.

Omar first redesigned the package, introducing an attractive red and gray pattern. Then, cooperating with Sutherland Paper Company, Kalamazoo, Michigan, the Omaha firm found a way to streamline the carton, so that it could be set up and filled much more rapidly than before. The alterations also made the carton stronger, reduced danger of crushing.

The newly adopted package—a one-piece affair—features a transparent cellulose window for product visibility. It ships flat, but it opens and sets up instantly. All the scores are pre-broken



and there are no locks. Once the carton is set up, the cake is slid in, the cover is brought down, and the package is ready for delivery in just about as much time as it takes to tell about it.

When the carton is set up, it stands upright without collapsing or sagging, because glue flaps cover the diagonal fold areas on the body of the carton and on its cover. This sidewall support adds considerable strength to the package... means that filled cartons can be successfully stacked.

Omar Incorporated, which does a handsome volume of business in mid-western states—largely door-to-door from modern delivery trucks, uses the new carton in four sizes for its popular dated cakes.

IMPROVED PACKAGING OPERATIONS, GOAL OF SUTHERLAND ENGINEERS

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at the outbreak of the war. Between Sept. 1, 1939, and the end of 1940, the Empire probably produced an additional \$1,100,000,000 of gold, making \$5,960,000,000 available for trade with the United States.

Purchases from the United States from the start of the war to the end of 1940 amounted to an estimated \$2,600,000,000, and goods bought by this country from England paid for about \$1,400,000,000 of that total, leaving England with a deficit of \$1,200,000,000 for the period, but gold production cut that to \$100,000,000. If England buys \$3,500,000,000 of supplies from the United States in 1941 (and that would allow for a big step-up in our shipments), there would be a deficit on 1941 trade of more than \$2,000,000,000. British Empire gold production in 1941 could cut that shortage down to about \$1,150,000,000.

Thus it appears that Britain, on the first 28 months of war, would stand to be out of pocket \$1,250,000,000 on its trade with the United States (if the lend-lease program doesn't come to the rescue before the end of 1941). Deduct that drain from the United Kingdom's pre-war gold hoard plus dollar resources, and Britain would presumably be down to almost exactly \$3,600,000,000 with which to finance American trade by the close of 1941.

Three and one-half billions can't be

"A.P." RETIRES AGAIN

Nearly a dozen years ago A. P. Giannini, founder and long-time head of California's Bank of America, tried to retire. But, by 1932, he was called back to lead a proxy fight against Eastern interests headed by Elisha Walker. Renowned fighter that he is, "A.P." won the battle (BW-Feb. 24 '32, p. 28) and he has been at the helm ever since.

On Thursday of this week, however, members of the staff received a routine memorandum from their burly chief in which he said he thought the "time was ripe for you to push someone else to the front and put me more and more in the background." With this announcement he dropped his job as chairman of the executive committee, and his son, L. M. Giannini, president since 1936, took over.

"A.P." retained the chairmanship of the board, saying: "I'll carry on with the title, but henceforth I'll stand on the sidelines in a fatherly sort of watchfulness, the family watchdog ready to growl at any sign of danger from without and ready to bark at you if I find any turning away from the ideals on which the institution was founded."

And, just to prove how earnest he was about his second retirement, the man who has served the bank for 36 years was on his way to Florida at the time the annual meeting was held.

classed as chickenfeed, but the boys in Washington apparently figure that if they are signing on a partner they would rather have one with black ink on his ledger.

P.S.

Taking further cognizance of the plight of the small stock exchanges, the Securities and Exchange Commission has launched a new study of the effects of competition in securities trading. The SEC hopes to come up with some constructive suggestions, perhaps even some amendments to the statutes which will help the 12 regional markets. . . . Latest plan for cotton would give farmers stamps worth 10¢ a lb. for cotton they don't plant this year. Stamps would buy cotton goods, boosting consumption even as they reduced production. Vanishing export markets gave rise to this plan aimed at taking another million acres out of production.

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BUSINESS ABROAD

American MEW?

Moves to plug leaks of materials to Axis foreshadow agency like Britain's Ministry of Economic Warfare.

In a huge, tan-brick building facing a quiet square in London's fashionable West End is the Ministry of Economic Warfare, locally known as MEW. Until a few weeks ago, at least, no Nazi bomb had done any more damage to this important wartime headquarters than to shatter window panes and tear great gashes in the sandbags which are piled high and several rows deep at the entrance.

In hundreds of offices opening off long bare corridors in this building British engineers, economists, and clerks pore over volumes showing where all of the world's known tungsten is mined, or how much steel the mills now under German control can produce each month, or how much oil the Germans can possibly have stored in their country after 16 months of war.

• **Intelligence from Afar**—Cable messages pour in from MEW's farflung intelligence service scattered from Ber-

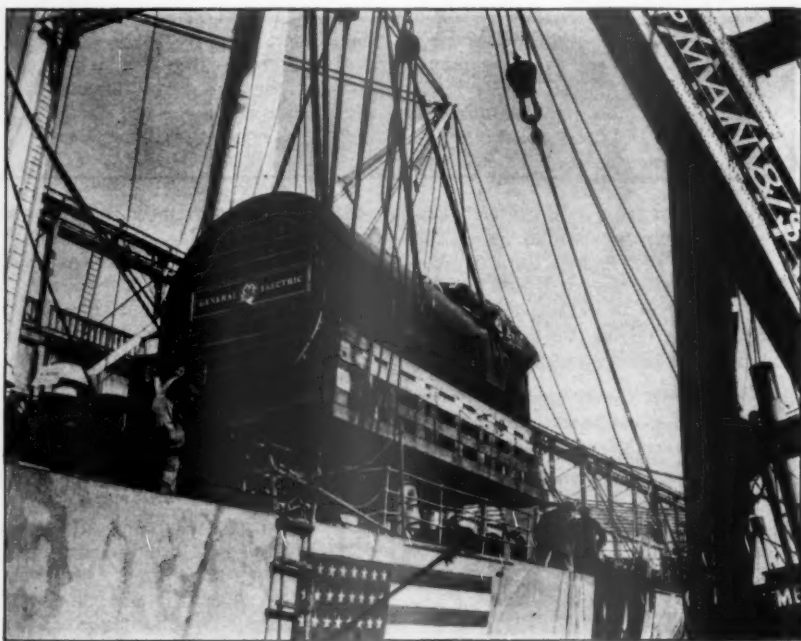
muda to Hongkong, and from Reykjavik to Cape Town, telling that a shipload of copper has just cleared Manzanillo for Vladivostok, or that a package of industrial diamonds is in the parcel post pouch on a tiny freighter that has just cleared from Mozambique.

At general staff headquarters in England, they will tell you that this war is being fought as much on the economic as the military front.

• **What to Bomb**—When the R.A.F. takes off for one of its raids on the Continent, its objectives have been selected in part on the basis of information secured from MEW, which is specially qualified to make a strategic appraisal of the importance of particular oil reserves, key industries, or power supplies. And when the naval patrol gets its daily orders, they are based on information from MEW about shipments of critical materials.

Developments in the last few weeks have started alert Americans to speculating on how long it will be until the United States sets up the equivalent of Britain's MEW.

• **Why Russia Buys Cotton**—Britain itself made the first move by releasing two headline stories pointing to large American shipments of cotton and copper to Russia, by way of the Pacific and Vladivostok. Cotton, they pointed out,



HEAVY LOAD

One of the heaviest pieces ever shipped to South America, a 113-ton rotor turbine generator made by Gen-

eral Electric, was loaded aboard the Moore-McCormack liner Mormacgull last week, bound for the Puerto Nuevo plant of Compania Argentina de Electricidad in Buenos Aires.



IS your faith in yourself shaken? Can you adjust yourself to the changing times? Have you found your plans and enterprises suddenly thwarted by the unexpected—robbing you of confidence? You do not have to be a prophet to know what is coming—or a miracle worker to make the most of an opportunity. Just as straws in the wind show its directions, so you can learn from the things people do what their moods and fancies are—and use them to your good advantage. If you once know human nature—its traits and psychological tendencies—you will have a confidence, born of knowledge, and equal to every situation.

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- Address "Clues" box number replies care Business Week, 330 W. 42d St., New York.



PEOPLE

positions open

- **EXECUTIVES and ENGINEERS**—Expansion of leading Pacific Coast aircraft factory has created several attractive openings for manufacturing executives and production engineers. Experienced production executives are invited to submit their qualifications for consideration. **BOX 208**

partner

- **ESTABLISHED CONSULTING ENGINEER**—Realty appraisals New York City, wants partner or associate. **BOX 207**

position wanted

- **PURCHASING AGENT and TRAFFIC MANAGER.** Director of Purchases and Traffic with large organizations. Knows sources of supply, prices, purchase contracts, mill supplies, raw materials, printed matter for advertising and packaging; also traffic in all details, delivery systems, shipping, storage, tariffs, motor and rail shipments, buying of trucks. **BOX 206**

employment service

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patents

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- **MANUFACTURER'S AGENT** calling on industries only Eastern Seaboard, south to Washington, will handle one additional line. Manufacturing background. References excellent. **BOX 201**



EQUIPMENT

industrial—for sale

- **MOTORS, GENERATORS, TRANSFORMERS**—used and brand new. All sizes and types. Write for full details. Erie Elec. Co., Inc., 127 Church St., Buffalo, N. Y.
- **USED MACHINE TOOLS** in stock for immediate delivery. Falk Machinery Co., 18 Ward Street, Rochester, N. Y.

(Continued at foot of next column)

Stalin and Hitler Ante Up Again

Stalin pulled another ace out of his sleeve this week in the shrewd game of international poker that he has been playing since August, 1939, when he unexpectedly made his non-aggression pact with the Reich.

In a new trade deal with Hitler—made in the face of the frank new stand of the United States on the side of Britain—the Russians extended and enlarged their year-old commercial pact with the Germans and served notice to the whole world that the Soviet Union is not afraid to negotiate trade treaties with any state—whether or not it is at war—as long as it is prepared to carry on normal business with Russia.

Berlin, recognizing that 1941 is likely to be the decisive year in this war, extravagantly characterized the new pact as "the most important trade deal ever concluded." Moscow, with more reserve, called it "one of the most important economic measures ever undertaken by Communist Russia."

The following key items are included in the exchange: From Germany to Russia—machine tools and machinery for the consumer industries; from Russia to Germany—grains (including bread grains), metal ores, petroleum, cotton, timber, flax, and fats.

As in the first deal a year ago, neither party divulges the amounts of any single item covered by the pact, but Business Week's correspondents in both Moscow and Berlin report that the amounts involved are larger than in the 1940 bargain.

It is known that last year's trade deal (BW—Jun. 1'40, p. 47) shaped up in the following manner:

Russia agreed to provide Germany with 1,000,000 tons of oil, 1,000,000 tons of fodder (mainly barley), 100,000 tons of raw cotton, from 30,000 to 50,000 tons of manganese, and smaller amounts of sulphuric acid, flax, phosphate fertilizers, and as much iron ore as might be used in the finished goods which the Germans were to deliver to Russia.

The Germans, for their part, were to supply Russia with approximately \$250,000,000 of munitions, machine tools, and two of the Germans' most important industrial processes—the Fisher plan for making gasoline from coal and the Buna process for making artificial rubber.

Reporting from Berlin this week, Business Week's correspondent cables that Soviet grain deliveries to the Reich in the coming year are not to be limited to fodder but will include breadgrains. The amount will be at least twice, and probably three times, the quantity supplied last year. Oil deliveries, probably the most vital factor in the deal as far as Germany is concerned, will be larger than last year. In addition to manganese shipments for the German steel industry, the Reich hopes to get at least small nickel shipments from the Soviet mines on the Kola peninsula.

Russia, under the new pact, becomes Germany's second largest supplier, after Sweden. Italy is third, but the volume is relatively small.

is one of the items that the Soviets have been supplying Germany for more than a year. And yet, reports from Moscow indicate that the Soviet Union has just harvested one of the largest cotton crops in its history. Why, ask the British, is Russia selling Germany cotton and buy-

ing supplies for itself in the American market?

Copper is a less clearcut case. The Russians have never yet been able to produce as much copper at home as they needed. They formerly filled many of their wants through imports from Britain and Belgium. When these two markets were cut off, the Soviet government turned to the United States for supplies. Heavy shipments have left this country for Vladivostok during the last eight months.

• **A Warning on Japan**—For the last two months, British intelligence officials in this country have quietly been warning the State Department in memorandums which they have been sending from the British embassy at the rate of two or three a week, that there is something suspicious in the amount of various items which Japan (since Sept. 27 an avowed Axis partner) has been buying in the United States. One of the most notorious is zinc, shipments of which

industrial—wanted

- **SURFACE CONDENSER WANTED.** Must have cap. 60,000 to 65,000 sq. ft. It available give dimensions exhaust opening and make analysis of tubes. **BOX 204**



PROPERTY

industrial

- **FACTORY BUILDINGS & SITES** offered for sale or rent by local and nationally known brokers throughout most of the industrial areas of the United States are listed in the "NICRE" catalog available to industrial executives without charge. When desired, catalog requests are held in confidence. National Industrial & Commercial Realty Exchange, Inc., 401 Broadway, New York, N. Y.
- **LARGE FACTORY**—power-canal siding—heavy tankage—complete distillation unit—capital furnished—want business. Earle F. Case, Rochester, N. Y.

have soared recently though the United States is threatened with a shortage at home, at least until April, when new refineries will come into operation.

Tipoff that Washington was taking more than a casual interest in developments came only at the end of last week when Nelson A. Rockefeller, Coordinator of Commercial and Cultural Relations between the American Republics, charged publicly that some representatives of United States business concerns operating in Latin America are acting as propagandists of the Axis powers and supporting anti-American objectives.

• **Charge Made after Survey**—Working in the closest cooperation with the Commerce, State, and Agriculture Departments, as well as the National Defense Commission, Mr. Rockefeller's organization some months ago sent a mission to Latin America to study possibilities for expanding United States trade on a two-way basis. It was as a result of this survey that Mr. Rockefeller issued his warning.

The President made the next move. In an abrupt announcement from the White House, he declared that after Feb. 3 all exports of copper, brass and bronze, zinc, nickel, and potash would be allowed only on a license basis. Insiders predict that other materials will soon be added to the list of restricted exports, and that later announcements will allow less time before the decree becomes effective, thus preventing huge last-minute shipments to the very countries which the decree is designed to cut off.

• **Hemisphere Purchases**—The latest development is just beginning to take shape. It provides for the purchase by the United States of large quantities of strategic materials in this hemisphere in order to prevent their falling into the hands of "unfriendly" governments. It was a part of the original plan of Britain's MEW, and was worked carefully as long as France and Britain cooperated in controlling the output of their own empires and, as far as possible, regulating the flow of strategic materials from the Belgian and Dutch empires.

Since the collapse of France, Britain has had great difficulty in assuming all of the purchase problems herself, and it is obvious now that the British intend to coax Washington into assuming this responsibility in the Western Hemisphere.

• **Preparing for It**—Washington shows signs now of preparing to tackle the job. This country is already advertising in Mexico that it is prepared to buy mercury. Tungsten, antimony, and cobalt are likely soon to be added to the list.

For several months, business men who are thoroughly familiar with Britain's wartime economic control—and it is not greatly different from the German, though it is more extensive because of the size of the Empire—have been urging that Washington consider a



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2—Seal envelope flap . . .



3—Find proper stamp . . .



4—Moisten back of stamp . . .



5—Affix stamp firmly . . .

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similar setup. Some advocated it because for a time they feared a German victory which would force this country to barter as a unit against the totalitarian monopoly setup. Others believed that the grandiose hemisphere economic program could be worked out only if exports and imports were controlled.

• **Closer Cooperation Urged**—In the last few weeks, during which the United States has actively lined itself up with London, the British are known to have urged Washington to cooperate more closely in the economic war. British intelligence officers whose specialty has long been Latin America are here.

The mass of valuable information which becomes available to them through their elaborate censorship system (which the United States is importantly aiding by routing all Europe-bound mail ships, as well as the Clippers, by way of Bermuda) is undoubtedly being offered to the State Department to help work out (1) a list of strategic items which will rapidly be added to the export license list, (2) a scheme to control imports, which will be used to force diplomatic as well as military objectives, (3) a scheme for foreign-exchange control, and (4) a plan to stop transshipment of licensed American goods to the Far East through such third countries as Mexico and Brazil.

Wages vs. Prices

Canada's efforts to hold living costs in check are now threatened by concessions won by farm and dairy interests.

OTTAWA—Conflicting interests of Canadian consumers on the one hand, and Canadian producers of farm products on the other, are threatening interference with the Dominion's efforts to prevent wartime inflation. Political pressure exerted during the last few weeks by organized farm and dairy interests will shortly result in establishment of minimum prices for farm products—a move which is in apparent contradiction with the price policy of the Wartime Prices and Trade Board.

• **Living Costs Up**—While wages are frozen in principle (there is no enforcement provision) at 1926-29 levels (BW—Dec. 21 '40, p. 43), they are to be supplemented by a bonus every time the cost of living increases 5%. With the living costs index already up more than 7% since the start of the war, the initial bonus is due. Introduction of minimum prices to farmers and dairying interests will rapidly make a second bonus necessary.

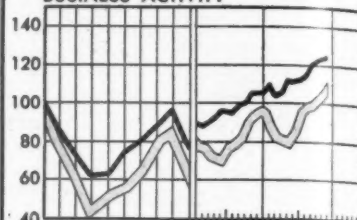
At the outbreak of the war, Ottawa's first concern was for consumers. The Wartime Prices and Trade Board, first

TREND OF BUSINESS CANADA AND U. S.

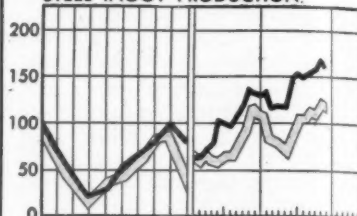
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CANADA — U. S.

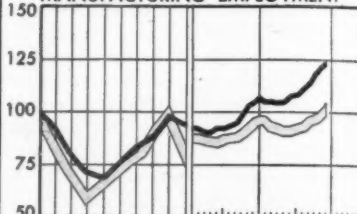
BUSINESS ACTIVITY



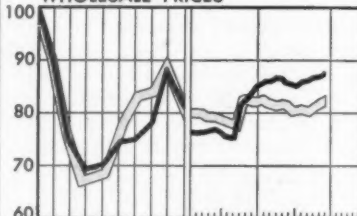
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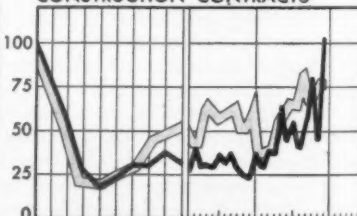
MANUFACTURING EMPLOYMENT



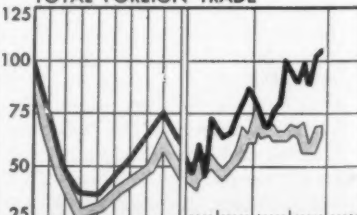
WHOLESALE PRICES



CONSTRUCTION CONTRACTS



TOTAL FOREIGN TRADE



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of the war controls, was set up to maintain supplies, prevent hoarding, profiteering, and undue price advances. The orders under which it operated identified the interests of the consumer with those of the nation, and the prices it was instructed to maintain were consumer prices.

• **Wholesale Prices Pegged**—In keeping with this pattern, the board on Dec. 27 issued a stop order on advances in the wholesale price of butter, retroactive to Dec. 12. But official reports since October have shown sharp declines in storage reserves of butter, and retail prices have advanced with each recorded drop. Even larger advances are in sight in anticipation of a shortage before production picks up in June.

The stop order set a maximum wholesale price of 35¢ in Montreal and Toronto, but much of the butter in storage had been bought by middlemen at around 23¢. This disparity caused immediate protests from farm interests, which resulted in a promise from Ottawa of a minimum producer price for butter. It is to be set and administered by the Dairy Supply Board, whose concern is with producers in contrast to the Wartime Prices Board's concern for consumers.

• **Other Minimums to Follow**—Owing to the necessity of meeting Britain's wartime cheese requirements, cheese production must not be permitted to decline through a producer's price disparity in favor of butter. Therefore, a minimum for cheese is certain to follow the butter minimum. At present, the price of cheese is governed by the British-Canadian cheese contract price which gives the producer a little over 14¢. The difference between the producers' return on the British contract, and the minimum to be fixed will be made up by Ottawa on cheese sent to Britain, and by the Canadian consumer on domestic sales.

Hog producers are bound to insist on and receive the same consideration as the dairy interests, and poultry producers can hardly be left under discrimination.

• **Trend Inflationary**—As indicated by the charts on page 68, practically every aspect of the Canadian business picture points to the necessity of rigid controls against runaway inflation. General business activity and manufacturing employment are running well ahead of 1929 figures, and steel ingot production touched an all-time high in October. Under the pressure of wartime demands for defense, training, and industrial structures, Canadian building operations in 1940 reached the greatest volume since 1930, gaining 85% over 1939. Construction contracts awarded in November exceeded the average for the boom year of 1929, and December figures maintained the high level set during the year. Indications are the trend will continue well into 1941.

PROFIT AND LOSS

De-Chicken De-Pie

Boston grocery stores are selling a new food product—an individual chicken pie wrapped in a transparent cellophane bag, which sells for a dime, and is put out by an organization with the unbelievable name of the It's De-Lovely Pie Co. of Dorchester, Mass.

What's in a Name?

The New York department store, Saks-Fifth Avenue, currently engaged in a large-scale sale of such items as "girdles, corselettes, bras, and bandeaux," advertises the whole business under the general heading of "Hip-Smootherers and Waist-Aways."

Et Al, Et Alia, & Etalia

Our Washington correspondent, idly reading over his own output after it appeared in last week's issue of the magazine, idly observed that he had catalogued a number of products essential to national defense—including "coke, toluol, benzol, xylol, ammonia, tar, naphthalene, etalia." Etalia was the product that pleased our correspondent

most on a second reading. Idly he circled the word, sent it back to us, asking if we thought the nature of this new chemical "etalia" would have been any clearer to the readers if the printer had made it "etceterol."

Fore!

In the last war, if we remember rightly, camouflage was something fairly simple. The object to be disguised was just streaked with paint until it somehow melted into the surrounding terrain, and that was that. Nowadays, though, camoufleurs are a lot more ambitious. Take the case of the North American Aviation Co. which is building a new \$6,000,000 plant in Dallas, Texas. Looking ahead to the day when reconnaissance planes will be soaring over Dallas, North American plans to camouflage its new plant by painting an 18-hole golf course on the roof, complete with artificial shrubs and trees.

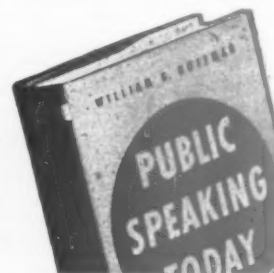
Serious Joke

One of our city-bred readers recently sent us a clipping he'd come across in

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the classified ad columns of a small town paper that gave him a good laugh. It said: "For Sale—Registered Milking Shorthorn Bull." We laughed when we read it too. All the city fellers around here laughed. Only the agricultural editor and a couple of other country cousins read the item in complete silence, and reminded everyone scornfully that there was nothing particularly funny about the ad—that, far from contradicting itself, it was a simple, straightforward breeding term.

We thought the ad was worth sharing with our city-bred readers anyway, though, so we ran it. The letters started coming in right away. "Dear Sir and God Durn You Fer a City Slicker," they began. "There's no bull in that ad," they went on. "Stick to your knitting where your opinions are more dependable," they advised.

Well, though the correspondence furnished us a full course in dairy farming and animal husbandry, we've still got to admit it makes us laugh to think of a milking bull. Not because we're a city slicker either. There are a lot of laughs in the business jargon used by city slickers too, but nobody's going to catch us giving any specific examples of them until we've caught up on the mail we have on hand from our enraged country correspondents.

How about Us?

R. H. Macy came out with a newspaper ad this week which has been due for a long, long time. Every time you open the paper these days the department stores are telling you about all the special departments they have set up to fit you out with everything you'll need when you go North for the skiing. Or else they're telling you about the department which will set you up if you're going South for the sun. The Macy ad had a picture of a chubby little lady bustling up to the information desk in a department store, anxiously asking the girl, "Where's the department for the people who are going to stay at home?"

Liquor Department

The State Attorney General's office in Michigan recently passed a ruling that a magician who conjures drinks out of a hat has to take out a regular \$500 liquor license.

Patriotism

In the spirit of the times, the Bendix Aviation Corp. brings out its 1940 annual report with the cover neatly done in red, white, and blue.

And the New York Central breaks with precedent and states that it's going to start serving Red, White, and Blue-Plate Specials on its diners now.

THE TRADING POST

Cheese Chase

Last week I remarked that something more should be said on this matter of our buying more Latin-American products than the mere repetition of "we should" or "we must." And it's this: If Americans are going to buy more Latin-American goods they must buy them as individuals. You and I and the people next door will have to buy them.

But Americans don't buy much that isn't sold to them. That's the kind of people we are, and that's the kind of economy we live in. It's a buyers' market most of the time. And if we must buy as individual buyers, products must be sold to us as individual products. There's no use talking so much about Americans—in the abstract—buying more Latin-American products—also in the abstract. If that's to happen someone has to sell something to somebody.

And it seems to me that the "forgotten job" in all this welter of "shoulds" and "musts" is that of advertising and otherwise selling to Mr. and Mrs. John Q. Yankee those products that can be imported and that will appeal to them.

Take cheese for instance.

Not long ago Business Week's editors learned that the French Roquefort people in this country had sought a temporary injunction against the Argentine "blue cheese" people for copying their red labels. Now, the Argentine cheese is not exactly like the French Roquefort because it is made from cow's milk instead of sheep's milk. But as the French fear to lose their market in this country, they are trying to protect their interests until after the war.

So an editor called upon the importer who was involved, hoping to get his side of the story. The importer's secretary "would ask the boss if he cared to see him." Now here was a perfectly obvious opportunity for some publicity for the Argentine product that would register its existence with a lot of potential large-scale buyers, most of whom probably knew little or nothing about it.

But after two days of runaround, the editor gave up the importer and called on the Moore-McCormack Line to see if they could put him in touch with other importers who could offer constructive information. They were most cooperative—but they didn't have the lowdown on Argentine cheese.

Then he ran down nine distinct New York sources of information on Argentine matters, including the Consulate-General, the Argentine Information Bureau, and a banker with Argentine contacts. No dice! Finally he looked up an importer friend, told him the prob-

lem, and asked for help. Out of this came the names of three other importers who do some business in cheese. The second one admitted some knowledge of "Argentine blue" although he didn't handle it.

From several sources, the editor eventually pieced out his story, although none of those who contributed to it handled any of the Argentine cheeses. And when he called at five of the largest cheese shops in New York, in search of a sample, only one had any—although two of them expressed interest in any substitute for French Roquefort.

* * *

As most of us know, there is a constant gripe from many Latin-Americans about the way we do business. They say we don't understand them, that we buy from them only when we can't get what we want elsewhere and then ditch them when the emergency is past, that our tariffs prohibit business with us, that they desperately need dollar exchange and we won't help "tide them over."

But this little adventure in cheese suggests that there's something more to it. Here is the opportunity of a lifetime for Argentina to exploit a temporary gap in our needs. If it were to be seized aggressively and cultivated consistently by well-recognized American methods of merchandising, helped by this country's sincere and growing interest in Latin-American trade, they might secure for themselves a place from which they could not be ousted. Certainly they could help themselves to ride out the present foreign exchange crisis.

If, now that we are cut off from European supplies, the Argentines could sell \$1,000,000 worth of cheese of the European type in this market, and could multiply that into another 15 or 20 products, much of the present difficulty might be overcome. To do it properly they should have a selling office in this country to tell our people about the items they produce that we no longer can get from Europe.

Then they should advertise to our people what they have for sale—product by product and in the American fashion. Always we have heard a lot about how important it is for American manufacturers to study the habits of the Latin-Americans when they go down there to sell. It is just as important for the Latin-American producer to study the habits of the American people. And response to aggressive merchandising is one of those habits.

So the American advertising man may yet hold the key that will help to loose this two-way trade that seems to mean so much to hemisphere solidarity.

W.C.



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THE TREND

STEEL—AN IMPORTANT DECISION

No matter what decision is finally made on increasing steel capacity, it will be unsatisfactory. If the government decrees all-out expansion of plants, the industry will feel that it has been forced into an uneconomic development; if the government decides that present facilities are sufficient to meet defense needs, then the advocates of "butter as well as guns" will feel that they have been let down; and if, the government compromises, then both sides of the argument will condemn the half-way solution.

Steel men contend that present plant is more than sufficient for the arms requirements of this country and Great Britain, as long as a modicum of steel is diverted from automobiles, refrigerators, and non-war purposes; and they protest that construction of new capacity would result in a post-war glut.

- **The opposition argues** that there is no need to curtail ordinary buying habits, that, for the most part, we can produce for the war effort and civilian consumption. The National Economic and Social Planning Association (a non-official Washington body), summed up this point of view thus: "If the best that democracy can do after the war is to return men and machines to idleness, then why should there be a defense program? Liberty without security and without opportunity cannot be defended. The view that looks ahead acts now with the firm resolve that by so doing a democratic victory can be won and work provided for men and machines."

But providing work for machines as well as men is easier said than done. It was not so long ago that the WPA was trying desperately to develop chores for persons who were out of jobs. Raking leaves became a barber-shop joke and boondoggling an accepted word in American vocabularies. People charged with the administration of relief found it difficult to create work.

- **Right now we are using steel** for battleships, tanks, guns, and ammunition of all types. We are also exporting large quantities of steel to Britain. But once the war is over, the armament demand for steel will likewise be over (unless the post-war epoch develops into an arms race). And we shall have to find work—utilization—for the steel capacity formerly used in the defense industries. The question is: Will it be easy to find employment for the steel mills when the defense job is completed? Let us examine the facts and get a realistic perspective on the problem.

At present the steel industry in the United States has a capacity to turn out 83,000,000 tons of steel ingots a year; 2,000,000 tons of additional capacity are under construction, and another 2,000,000 tons a year could be produced simply by cutting down on time-out for repairs. So let us set the minimum capacity at 83,000,000 tons and the maximum at around 86,000,000. On either basis, the industry is geared today to produce 30% more steel than was manufactured in 1929, and almost

twice as much as was turned out during the World War. The following tabulation shows the past in relation to the present:

Year	Average Tonnage Produced	Rate of capacity at which present steel industry would have been operating on the basis of	
		83,000,000 tons capacity	86,000,000 tons capacity
1911-15	31,783,900	38.3%	37.0%
1916-20	46,838,600	56.4	54.5
1921-25	41,138,900	49.6	47.8
1926-30	54,187,000	65.3	63.0
1931-35	27,553,600	33.2	32.0
1936-40	52,257,500	63.0	60.8
Three High Years			
1929	63,205,500	76.2	73.5
1937	56,637,000	68.2	65.9
1940 (est.)	66,600,000	80.2	77.4

That, then, is the statistical picture. By any past record of production, the steel industry's current capacity to satisfy peacetime demands is ample. And apparently there is no major argument between the expansion and non-expansion schools of thought over the industry's ability to produce sufficient steel to meet probable defense or war demands of both this country and Britain. So, in essence, the decision must hinge on whether the nation wants both luxuries and guns simultaneously.

- **The decision** is a portentous one, and difficult to make. If we go without "luxuries," it means that many lines of businesses will be affected—not only manufactures of automobiles, refrigerators, and hardware, but also distributors of such products—wholesalers, retailers, salesmen, advertising agencies, etc. So opposition to the abstention-while-it-lasts theory is bound to develop on a broad front. A large class of people have a vested interest in "business as usual."

There is the countervailing argument of the steel people that the post-war demobilization will result in a terrific industrial letdown, unless a demand-cushion is built up; therefore, by proscribing civilian purchases of certain steel-consuming goods—autos, refrigerators, hardware, unneeded residential housing—a latent demand will have been built up. And that will help tide business over the post-war period of readjustment.

- **In this argument**, as in so many economic discussions, the antagonists start off from different premises, and with perfect logic, move on to undeniable conclusions; their arguments never meet head on. So, the final verdict will simply establish which premise the government accepts—whether guns, or guns and butter. The choice will have an important bearing on the near- and longer-term economic life of the United States. For if expansion is ordered the inference is that we will either have to gear up our future economy to an unprecedented steel capacity or once more endure a torturing period of idle men, idle machines, and idle money.

The Editors of Business Week

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